

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT


THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 04 MAR 2026

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OF

TABLED BY:	DEPUTY LEADER OF MAJORITY PARTY
CLERK-AT THE-TABLE:	V. WAMBUI

THE AUDITOR-GENERAL

ON

KABETE NATIONAL POLYTECHNIC

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



KABETE NATIONAL POLYTECHNIC

Annual Report and Financial Statements

For The Year Ended
30 June 2025

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

**KABETE NATIONAL POLYTECHNIC
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FOR THE YEAR ENDED 30 JUNE 2025**

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I. Acronyms & Glossary of Terms

EACE	East Africa Certificate of Education
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNP	Kabete National Polytechnic
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
TVET	Technical Vocational Education and Training
NITD	Native Industrial Training Depot
Fiduciary Management	Key management personnel who have financial responsibility in the entity

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II. Key Polytechnic Information and Management

(a) Background information

Kabete National Polytechnic was established in 1924 as a Native Industrial Training Depot (NITD) offering trade courses. It was later converted into a military barrack to accommodate the 2nd World War soldiers (1939 – 1945). After the 2nd World War, it reverted to offering Trade courses for Primary level graduates (Standard 8) under the Ministry of Education.

The then trade courses were, Artisan in Masonry and Carpentry, Fitters, Mechanics, Welders and Electricians. These courses took three years. In 1956 a Secondary school section was introduced in addition to the artisan courses. These programmes took five (5) years, one year was meant for orientation and the four years for pursuing a General Certificate of Education (GCE London).

In 1963, the secondary section was transferred to the current Nakuru High School and the Technical School remained to offer only Government Trade Tests, which took a duration of two years. From 1968-1972, the Native Industrial Trade Depot (NITD) offered City and Guilds of London Examination and the East Africa Pre-technician Certificate Examination of Kenya. The courses took three years. Later these programmes were stopped and the Technical School adopted a four years' programme on basic Engineering and Building Trade course (unit 820) leading to the former East Africa Certificate of Education (EACE). The last group in this category took their examinations in 1987. In 1985, the school was converted into a Technical Training Institute at the advent of the then 8-4-4 system of education.

In exercising 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

on August 2016, issued a legal notice No. 92 known as Kabete National Polytechnic Order, 2016. This gave rise to a new legal Polytechnic known as The Kabete National Polytechnic with a broader mandate anchored in the laws of the Republic of Kenya.

Statement of Strategic Intent by the Council

Kabete National Polytechnic will help in the achievement of the national goals of education as stipulated in the Constitution of Kenya 2010, the Education Act 2012, the TVET Act 2013, the Polytechnic Order 2016, Vision 2030, and Sector Plan for Science Technology and Innovation through;

- (1) Improved policy and corporate governance for enhancing accountability and decision making.

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- (2) Expanded resource base partnership and linkages.
- (3) Improved access, equity, quality, competence-based education and training in certificate and diploma courses.
- (4) Enhanced excellence in resource and infrastructure management.
- (5) Increased visibility of Kabete National Polytechnic nationally and globally as a model TVET institution.

(b) Principal Activities

The core business of the Polytechnic is provided for by a legal notice No. 92 for Kabete National Polytechnic known as Kabete National Polytechnic *Order, 2016*. The Notice provides in Part II section 4 (1) the functions and objectives of the Polytechnic, which include;

The objects and functions of the National Polytechnic shall be to: -

1. Provide, directly or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
2. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
3. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
4. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;
5. 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;
6. 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;
7. Provide high quality education, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
8. Advance knowledge and its practical application by research and other means, the dissemination of outcome of research by various means and the commercial exploitation of research results;
9. Promote critical inquiry within the Polytechnic and in the general community;
10. Participate in commercial ventures and activities;
11. Foster the general welfare of all staff and trainees;
12. Provide opportunities for development and further training for staff of the Polytechnic;
13. Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;

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14. Provide programmes, products and services in ways that reflect the principles of equity and social justice;
15. Facilitate Trainees mobility between different programmes at different technical training institutions and other national polytechnics;
16. Conduct examinations and grant such academic awards as may be provided under this Order; and
17. Collaborate with recognized universities for the conduct and award of degree programmes in technology.

Strategic Objective

- i. To promote excellence in TVET through creative and innovative curriculum design and development, modern instructional methods, and assessment practices in accordance with the highest quality management principles.
- ii. To
- iii. modernize and develop infrastructural facilities that support services designed around the current and future needs of trainees in all their diversity while maintaining appropriate stewardship of resources and continual growth and expansion of the Polytechnic.
- iv. To establish and maintain an efficient governance and organizational structure, effective management systems and processes that provide a caring and responsive service to meet internal and external needs in a pragmatic and flexible manner.
- v. To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve.
- vi. To establish the Polytechnic as an institution of choice that attracts and retains staff of the highest calibre by creating an enabling environment that fosters and stimulates academic life, and a climate of professionalism
- vii. in which all staff recognize and understand their role in ensuring the success of the Polytechnic.

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Vision

A premier Polytechnic recognized globally for the advancement of Knowledge and Skills for Sustainable Development.

Mission

To provide demand driven quality Training, Research and Innovation for Sustainable Development.

Core Values

- i. Creativity
- ii. Integrity
- iii. Professionalism
- iv. Social Responsibility
- v. Team Work
- vi. Equity

(c) Key Management

The Polytechnic day-to-day management is under the following key organs:

- i. Management Board.
- ii. Academic Board
- iii. The Principal who is the Accounting Officer and Secretary to the Governing Council.

(d) Fiduciary Management

The key management personnel who are members of the Management Board during the financial year ended 30 June 2025 and who had direct fiduciary responsibility were:

Name of the Staff	Responsibility
Mr. Patrick W. Muchemi	Principal - Chairman to Management Board/Secretary to the Council
Ms. Ernestine W. Kiragu	Deputy Principal - Administration & Finance
Mr. Geoffrey Mutune	Deputy Principal - Academics and Trainees Affairs
Ms. Violet N. Kithumbu	Registrar
Mr. Shandrack M. Mweu	Dean of Students
Mr. Moses M. Ndung'u	Finance Officer
Mrs Joan R. Adoyo	Procurement Officer
Mrs. Caroline Wamaitha Kimani	Human Resource Officer.

(e) Fiduciary Oversight Arrangements

In order to facilitate the smooth running of its affairs, the Polytechnic Council establishes

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such committees with the membership and with such terms of reference as it may deem fit.

The following committees were in place during the year 2024/2025:

- i. Education, Training, Research, Innovation Committee (ETRI)
- ii. Finance, Administration and Resource Mobilisation Committee (FARM)
- iii. Strategy, Enterprise and Infrastructure Committee (SEI)
- iv. Audit and Risk Management Committee. (ARM)

The Polytechnic Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the Polytechnic Council and the Principal are ex-officio members of every committee of the Council.

(i) Education Training, Research and Innovation Committee (ETRI)

Roles and functions

- a) Monitor and oversee institutional 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;
- b) To oversee the management of scholarships, bursaries and prizes which may be provided for by the Academic Policy;
- c) To submit regular reports to the Council on all matters related to education, training and research;
- d) Evaluate regular reports on academic progress, conduct of examinations and consider academic awards as provided under the KNP Order 2016;
- e) Consider proposals for collaboration with recognized universities for the conduct and award of degree programmes in technology;

(ii) Finance, Administration and Resource Mobilisation Committee (FARM)

Roles and functions

- a) Check and determine that annual estimates have made provision for all the estimated expenditure, and in particular the following:
 - i. Payment of the salaries, allowances and other charges in respect of the staff of the Polytechnic;
 - ii. Payment of the pensions, gratuities and other charges in respect of retirement benefits which are payable out of the funds of the Polytechnic;

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- iii. Funding of the cost of teaching, research and outreach activities of the Polytechnic; and
 - iv. Creation of such funds to meet future or contingent liabilities in respect of retirement benefits, insurance or replacement of building or equipment and in respect of such other matters as the Council may think fit.
-
- b) Review the policies, processes and programs management has put in place to prepare, prevent and protect the Polytechnic from financial risk.
 - c) Monitor and review procurement of works, goods and services at the Polytechnic to ensure compliance with established laws, regulations, policies and procedures.
 - d) Receive and consider proposals for the participation of the Polytechnic in commercial ventures and activities.
 - e) Receive and consider proposals for investment of any of the funds of the Polytechnic in securities in which for the time being trustees may, by law, invest trust funds or in any other securities which the National Treasury may, from time to time, approve for the purpose.
 - f) Consider proposals for placement on deposit with such banks as it may determine any moneys not immediately required for the purposes of the Polytechnic.
 - g) Monitor and review all appropriation-in-aid to ensure compliance with donor and / or government guidelines, legal and regulatory requirements, policies and procedures.
 - h) Monitor and evaluate the systems of the Polytechnic to ensure compliance with the Public Procurement and Asset Disposal Act, 2015 and all related legislations, regulations, guidelines, policies and procedures.

(iii) Strategy, Enterprise and Infrastructure Committee (SEI)

Roles and functions

- a) Provide directly, or in collaboration with other industry players, facilities for income generation;
- b) Promote and establish a culture of productivity in engineering and technology, and technology transfer amongst staff and trainees;
- c) Oversee the advancement of knowledge and its practical application by commercialization and exploitation of research outcomes at the Polytechnic;
- d) Oversee Polytechnics participation in commercial ventures and activities;
- e) Oversee proper maintenance of the buildings and grounds, repair and replacement of equipment and other movable property of the Polytechnic;

(iv) Audit and Risk Management Committee (ARM)

The audit committee shall play a key role with respect to the integrity of the KNP's financial information, its system of governance, risk and internal controls, Assets Register and the legal and ethical conduct of management and employees.

The functions undertaken by an audit committee shall generally encompass the following:

- a) Evaluating whether proper procedures are in place to address key roles and responsibilities in relation to risk management.
- b) Evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control for accountability are of a high standard and functioning as intended.
- c) Performing an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
- d) Monitoring the effectiveness of KNP performance information and compliance with the performance management framework and performance reporting requirements.
- e) Evaluating the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.
- f) Engaging with external audit and assessing the adequacy of management response to any issues identified by audit.
- g) Reviewing the effectiveness of how the Polytechnic monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

(f) Polytechnic Headquarters

Kabete National Polytechnic
Off Waiyaki Way
P.O. Box 29010 - 00625
Nairobi

(g) Polytechnic Contacts

Telephone :(254) 790 000 001, 790 000 022, 790 000 033, 790 000 044, 790 000
055 &
790 006 666
E-mail : info@kabetepoly.ac.ke
: Website: www.kabetepoly.ac.ke

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(h) Polytechnic Bankers

- a. Standard Chartered bank
P.O. Box 48231-00100
Nairobi, Kenya.

- b. Co-operative Bank of Kenya
P.O. Box 48231- 00100
Nairobi, Kenya

- c. Equity Bank of Kenya
P.O. Box 75104-00200
Nairobi, Kenya

- d. NCBA Bank
P.O. Box 44599-00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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III. THE POLYTECHNIC COUNCIL



Agnes W. Kamiri - Chairperson

Agnes was born on 6th November, 1962. She was appointed as the Chairperson of the Kabete National Polytechnic Governing Council on 17th March, 2023.

She holds a Bachelor of Education from Kenyatta University, Diploma in Marketing from London Chamber of Commerce & Industry, MBA in Strategic Management from USIU-Africa.

Board Directorships in several Parastatals, and Learning institutions including the Central Bank of Kenya, and Kenyatta International Conference Centre. She has risen from a High School teacher, TV News reporting heading the Commercial Advertising division of the first independent TV station-KTN. She also headed the Corporate Communications at AAR where she created the Brand Identity. She consequently set up an Insurance intermediary. As an avid golfer, she initiated a Corporate Golf Marketing Company at the same time as industry.



Isabella N. Mwangi

Isabella was born on 14th April, 1972. She was appointed a member of the Kabete National Polytechnic on 17th March, 2023. She is an accountant and an economist. She holds masters in Economic Policy Analysis and Design from University of Nairobi and a Bachelor of Art in Economics and Business Studies from Kenyatta University.

Isabella is a Certified Public Accountant with a wealth of experience in the private sector and the public sector, where she has undertaken numerous trainings, workshops and seminars to improve her productivity.



Honey A Mohamud

Ms Mohamud was born on 26th October, 1977. She was appointed a member of the Kabete National Polytechnic on 17th March 2023. She is a holder of Masters in Diplomacy and Foreign Policies Analysis from Moi University and a Bachelor of Business Administration from Kenya Methodist University. She has several certificates and Diplomas from different Institutions in regards to Administration and Diplomacy.

Ms Mohamud previously worked at the US Embassy in Nairobi as the Unit Chief from Immigrant Visa Unit covering eight (8) countries. She also worked with Arid Lands and CRS Kenya which is an American International Organisation.

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Mr. Henry H. Duba

Mr. Duba was born on 1st November, 1961. He was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019.

Mr Henry Huka Duba is a Public Health Professional and a Humanitarian expert. He has served in a number of International Non-Governmental Organizations for over 20 years in various capacities including as Chief of Party for ACIDI/VOCA, USAID funded Development Food Aid Program (DFAP) in Uganda; Country Director for Food for the Hungry Uganda; Program Director at Mercy Corps, Uganda and Country Program Manager for Health Poverty Action in Somalia. He also worked as Emergency Health Program Manager with World Vision in South Darfur State, Sudan and Program Manager for Development Food Aid Program in Kenya with Food for the Hungry International. Prior to joining the humanitarian sector. Mr. Huka worked as a Public Health Officer with the Ministry of Health Kenya for about 10 years. He is currently the Executive Director for Health and Social Transformation Initiative (HASTIN), a national NGO working in Marsabit and Isiolo Counties of Kenya and occasionally manages a private consultancy firm, Chariot Supplies and Consult. Mr. Huka holds a Master of Public Health Degree from the University of Maastricht, the Netherlands and Diplomas in Public Health, Community Health, Environmental Health and Postgraduate Certificate in Health Management from the Health Services Management Centre, University of Birmingham, UK as well as Certificate in Health Emergencies in Large Population from the Centre for Excellence in Disaster Management and



Ms. Purity S. Karariet

Ms. Purity was born on 26th June, 1984. She was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019

She is currently the Vice Chairperson of the Kajiado Public Service Board on Part time basis. She holds a Bachelor of Science degree in the area of Chemistry and Zoology from Agra University in India and specialised in Forensic Science. She has in depth skills in Auditing and Investigation having worked as an Anti-Corruption Officer. She previously worked as a Director National Housing Corporation and chairing Audit & Risk Committee.

Purity served as a National Security Committee Member (CPS) and a Trustee with Commodities Fund; Ministry of Interior and

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Mr. John K. Tuwei

Mr. John K. Tuwei was born on 16th June, 1971. He is a holder of MSc (Organic Chemistry) from the University of Nairobi (2007) and Graduate Certificate in TVET reforms and Project Management (2011) from Chisholm Institute of TAFE in Australia and B.Ed (Science) (1996) from Kenyatta University.

Mr. Tuwei who has over 20 years' experience in Public Service, is currently The Deputy Director of Technical Education in Charge of Projects and Partnerships at the State Department for Vocational and Technical Training and the Liaison Officer for the Joint Subsector Working Group (JSSWG), a forum which brings together the State Department of VTT and all Development Partners (Multilateral and Bilateral) which support the TVET sector in Kenya. Mr. Tuwei has initiated, managed and oversighted a number of donor funded TVET projects which include, The GoK/Netherlands TVET project, GoK/AfDB TVET 1, 2 and 3 Projects, World Bank Eastrip Project, GoK/KfW TVET 1 and 2 projects and GoK/MasterCard TVET Blue Prints projects whose collective aim is to provide equitable access to quality and relevant skills to Kenyans.

Mr. Tuwei has also participated in the development and implementation of TVET Act 2013 and number of policy documents which include the TVET Blue Print and the Workforce Blue print. Mr. Tuwei is currently The PS VTT alternate member for The Kabete National Polytechnic Council and Ramogi Institute of Advanced Technology (RIAT) Board of



CPA Patrick Mbehi Stom

Mr. Patrick was born on 6th April, 1981. He was appointed a member of the Kabete National Polytechnic on 10th March, 2022. He is an accountant and a financial analyst. He is the alternate director to the Cabinet Secretary, National Treasury. He has worked at the National Treasury for over period of 12 years and is currently deployed in the directorate of Public Investment and Portfolio Management.

Mr Stom holds a Master of Science degree in Finance, from Jomo Kenyatta University, a Bachelor degree in Business Administration (Accounting option) from Moi University, Certified Public Accountants of Kenya and Certified Securities and Investment Analysts Part II. He 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

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Gilbert Nyongi

Mr. Gilbert K. Nyongi was born on 27th December, 1979. He was appointed a member of the Kabete National Polytechnic on 17th March 2023. He holds a Master and a Bachelor of Arts degree from University of Nairobi. He is a lecturer of Kiswahili, Linguistics at Maseno University since 2003.

Mr. Gilbert has served as a member and chair of Boards of several educational Institutions and currently serving as the Chair of ETRI Council Committee.



Patrick W. Muchemi

Mr. Patrick is the Principal. He was born on 10th December, 1969. He was posted on 8th August, 2023 and has over 29 years' experience as a Vocational and Technical Education Trainer in which he has taught Building and Construction Engineering

He holds a Master of Education degree (Technology Education - Building and Construction Engineering) from University of Eldoret, a Bachelor degree in Technology from Moi University. He has also undertaken Senior Management Course from Kenya School of Government.

He was a former principal Mukurwe-ini Technical Training Institute from 2016 to August, 2023

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IV. THE MANAGEMENT TEAM



Patrick W. Muchemi

Mr. Patrick is the Principal. He was posted on 8th August, 2023 and has over 29 years' experience as a Vocational and Technical Education Trainer in which he has taught Building and Construction Engineering

He holds a Master of Education degree (Technology Education - Building and Construction Engineering) from University of Eldoret, a Bachelor degree in Technology from Moi University. He has also undertaken Senior Management Course from Kenya School of Government.

He was a former principal Mukurwe-ini Technical Training Institute from 2016 to August, 2023



Ms. Ernestine Watiri Kiragu

Ms. Ernestine Kiragu is the Deputy Principal Administration. She has 23 years of teaching experience in the area of Information Communication and Technology (ICT).

She has a Bachelor of Education Degree from the University of Nairobi and a Diploma in Technical Education from Kenya Technical Trainers College.



Mr. Geoffrey Mutune

Mr. Geoffrey Mutune is the Deputy Principal in charge of Academics and Trainee Affairs. He has been in the Teaching/Training field for the last 25 years in the areas of Physics and Engineering Mathematics.

He has a Bachelor of Education (Science) from Kenyatta University specializing in Mathematics and Physics and a Master of Science Degree in Nuclear Physics from the University of Nairobi.



Ms. Violet Njeri Kithumbu

Ms. Violet Njeri is the Registrar. She has over 28 years experience as a Technical Trainer in Electrical Engineering.

She holds a Bachelor's of Technology in Electrical Engineering (Power) and is a Certified Assessor and Verifier for TVET CDAAC Competence Based Assessments CBA. She is also a member of the Institution of Engineering Technologists and Technicians of Kenya

Mr. Shadrack M. Mweu



Mr. Mweu is the Dean of Students. He holds a Master of Science Degree in Medical Biochemistry (Kenyatta University), Post Graduate Diploma in Education (KU) and Bachelor of Science Medical Laboratory Science (JKUAT). He is registered by the Kenya Medical Laboratory Technician's and Technologists' Board (KMLTTB). He has eleven years experience in the practice and training of Medical Laboratory Technology specifically Clinical Chemistry and Immuno-Haematology. Previously he served as the Deputy Dean of Students at the institution.



Mr. Moses M. Ndung'u

Mr. Mwangi is the Finance Officer with over 10 years experience in Accounting and Finance. He is a graduate of Moi University and holds a Bachelors Degree in Business Management Finance Option. He is a CPA II Graduate and is persuing Part III. He was a former Accountant in the Ministry of Roads.

He has undertaken Senior Management Course (SMC) from the Kenya School of Government



Ms. Caroline W. Kimani

Ms Caroline is the Human Resource Officer. She holds a Bachelor degree in Sociology from Egerton University. She has Diploma II in Human Resources Management and Certified Secretary Part II

She has undertaken Senior Management Course (SMC) from the Kenya School of Government



Ms. Joan R. Adoyo

Ms. Joan is the Procurement Officer. She holds a Bachelor's degree in Business Management -Purchasing and Supplies from Moi University.

She has an Advanced Certificate in Supplies Management.

She has undertaken Senior Management Course (SMC) from the Kenya School of Government

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V. CHAIRMAN'S STATEMENT

It is with great pleasure that I present this Financial Report for the financial year that ended 30 June 2025.

Following the elevation of the Institution to a National Polytechnic in 2016, the status has brought along several opportunities.

Key among these include; increased enrolment, government support, higher networking avenues and more linkages and collaborations. Along with these there are also high levels of expectations from the trainees, community, employees and other stakeholders.

Indeed, my Council is aware that the Polytechnic came into being at a time when the higher education sector has changed drastically with a historical record of increased numbers of higher education Institutions in the country.

Inevitably, with the number of trainees qualifying to join University, National Polytechnics and Technical & Vocational Colleges increasing significantly over the years as well as the changing government policies, the operating environment is becoming extremely competitive.

In response to this growing demand and the existing operating environment, we have to be prepared to increase physical facilities that would give us a competitive advantage.

During the period under review, the Strategic Plan being implemented has envisioned to address the emerging challenges and takes advantage of the existing opportunities in the operating environment.

would contribute significantly towards the realization of our dreams as envisaged in the plan in terms of provision of the required financial resources.

Other avenues to fund the planned expansion of the physical facilities and infrastructure would also be explored with the main focus being centred on resources mobilization and strategic initiatives.

The Polytechnic nevertheless continued to expand and improve its requisite physical facilities as a result of increased population in terms of trainees and staff numbers.

The Polytechnic's annual financial position as at June 30, 2025, recorded an increase of Kshs 976.45 million from Kshs 4.641 billion to Kshs 5.596 billion in 2023/2024 and 2024/2025 respectively due to revaluation of Property Plant and Equipment .

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During the year under review, the Polytechnic reported a decrease of Kshs 7.03 million in surplus from Kshs 44.39 million in the year 2023/2024 to Kshs 37.36 million in the year 2024/2025.

The Polytechnic cash and cash equivalent decreased by Kshs 21.80 million from Kshs 69.41 million to Kshs 47.60 million in year 2023/2024 and 2024/2025 respectively.

Conclusion.

I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the Polytechnic is bright and secure. Our commitment as a Council is to continue setting the right tone at the top which is geared towards the realization of the Polytechnic's vision and mission.

Finally, I want to thank my fellow members of the Council, the Principal, the Management Board, Staff and Trainees of Kabete National Polytechnic for their commitment and hard work exhibited during the year. I also wish to thank the Government and all our stakeholders for their unwavering support. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming years.



Agnes W. Kamiri
COUNCIL CHAIRPERSON

27/8/2025
DATE

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VI. REPORT OF THE PRINCIPAL

I am pleased to present my report for the 2024/2025 financial year which ended on 30 June 2025. Indeed, in the last five years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands.

Despite the many challenges now inherent in this new operating environment, the Polytechnic continued to discharge its mandate of teaching, research and outreach successfully. The trainees' enrolment stood at **11,105** (Table 1) as compared to **8,520** Trainees in the previous year. This figure comprises of Diploma, Certificate and Artisan Trainees.

Table 1: Trainees Enrolment per Department as at 30th June 2025

S/NO	DEPARTMENT	LEV EL 3		LE VE L 4		LEV EL 5		LEV EL 6		TOTAL
		M	F	M	F	M	F	M	F	
1	Agriculture and Environmental Studies					42	33	180	133	388
2	Applied Sciences					38	101	205	285	629
3	Building & Civil Engineering	7		46	14	271	79	1,186	335	1,938
4	Business Studies					46	103	421	688	1,258
5	Computing & Informatics					246	203	552	512	1,513
6	Cosmetology & Fashion Design			1	13	9	118	0	6	147
7	Electrical & Electronic Engineering	12		71	4	218	23	1,260	296	1,884
8	Health Sciences					31	89	251	356	727
9	Hospitality & Consumer Studies					90	185	149	421	845
10	Liberal Studies					15	54	66	151	286
11	Mechanical & Automotive Engineering	5	0	94	12	286	44	918	131	1,490
TOTAL		24	0	212	43	1,292	1,032	5,188	3,314	11,105

Financial Performance

As in the previous years, the main source of funding to the Polytechnic during the period under review was school fees with a contribution of a total of Kshs 550.93 million for recurrent expenditure purposes. In addition, the Polytechnic generated a sum of Kshs 8.62 million from Hire of facilities and Kshs 38.25 from other sources (Note 8 and 9 respectively) i.e Income Generating Activities (IGA's), Catering and other Incomes. The Polytechnic also received Kshs 220.41 million from the Ministry of Education being the capitation, Scholarship, Special Purpose Grant and recurrent grant. In addition, Kshs 20 million only was received from Kabete Constituency Development Fund for the contraction of Karura Ka-Nyungu TVC. Donation received during the period under review was Kshs 2.27 million in support for TVET @ 100 celebrations.

The Polytechnic recorded a decrease of Kshs 7.03 million in surplus from Kshs 44.39 million to Kshs 37.36 million in year 2023/2024 and 2024/2025 respectively.

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However, at the end of the financial year the Polytechnic had not received revenue of Kshs 258.78 million from the following sources:

Table 2: Revenue Receivable.

Description	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	KShs	KShs	KShs	KShs	KShs
Non-Current receivables- From Non-Exchange Transactions					
Exchequer Capital Grant Receivable	0	0	14,050,517	11,787,000	0
M.o.E - Lent Money For Githunguri TVC	10,000,000	10,000,000			0
M.o.E - Ruiru TVC	10,000,000	0			0
CDF Ruiru - Ruiru TVC	0	0			0
Exchequer Capitation Receivable	0	0			0
Total current receivables from Non-Exchange Transactions	20,000,000	10,000,000	14,050,517	11,787,000	0
Current receivables-From Exchange Transactions					
Student debtors	74,293,395	63,438,759	180,723,576	188,115,436	288,936,720
Rent debtors	7,936,797	7,819,147	7,473,899	7,070,908	6,787,231
KPLC Lease	350,000	420,000	490,000	36,750	101,500
Teachers Service Commission	0	9,390,600	545,772	191,979	191,979
Avic International	0	500,000	0	0	0
Post Training	0	350,088	350,088	350,088	350,088
Forum for International Corporation(FIC)	0	347,286	347,286	347,286	347,286
Less Provision for Bad & Doubtful Debts	(4,136,167)	(3,642,645)	(6,240,765)	(6,820,623)	(38,070,643)
Total current receivables	78,444,025	78,623,235	183,689,856	189,291,824	258,644,161
Non-current receivables					
Advance payments-Salary	143,153	300,153	182,868	259,868	137,868
Total receivables	78,587,178	78,923,388	183,872,724	189,551,692	258,782,029
Grad Total	98,587,178	88,923,388	197,923,241	201,338,692	258,782,029

Conclusion

In conclusion, I take this opportunity to thank the Polytechnic Council for providing the desired guidance and support during the year which was way beyond expectations and which I highly appreciate. I also wish to sincerely thank the Management team, all staff and Trainees for the peace, hard work and discipline exhibited throughout the year.

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Finally, I would like to thank the Government for its support during the period under review. I also appreciate the moral support of our collaborators, partners and other stakeholders during the year.

It is my desire that we shall continue working together as a team in the new financial year and beyond.



Patrick W. Muchemi
PRINCIPAL

27/8/2025

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VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

1. STRATEGIC THEME/ISSUE: Excellence in TVET through Creative and Innovative Curriculum for Sustainable Development

STRATEGIC OBJECTIVE 1:

To promote excellence in TVET through creative and innovative curriculum design and development, modern instructional methods, and assessment practices in accordance with the highest quality management principles

Key Result Area 1	Excellence in TVET through Creative and Innovative Curriculum for Sustainable Development			
Outcome 1.1	Improved Equitable Access to Quality Education And Training			
	Strategic Objectives	Strategic Objectives	Strategies	Achievements
	To promote excellence in TVET through creative and innovative curriculum design and development, modern instructional methods, and assessment practices in accordance with the highest quality management principles	Quality Training	<ul style="list-style-type: none"> Develop new and relevant Curriculum/training programmes Promote use of modern equipment and technology Integrate ICT in learning Launch market driven courses in liaison with the industry Entrench CBET by implementing approved CBET curricula Rebrand the institution Establish open and distance learning programmes Strengthen Private-Public partnership towards offering affordable education and training 	<ul style="list-style-type: none"> Deployed ICT for E- Learning during Covid period Developed new CBET Curricular for Scaffolding Level 4 Purchased 100 computers for ICT Training and Integration
		To enhance Equitable Access to Education	<ul style="list-style-type: none"> Sensitize students on opportunities for student financing Promote affirmative action for TVET trainees Promote scholarship and bursary programmes Promote access to physical infrastructure Promote gender inclusivity programmes 	<ul style="list-style-type: none"> Launched KNP Charter of CAPA/ATUPA WITED Increased Gender Parity in STEM Enrolment

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2. STRATEGIC THEME/ISSUE: Resource Mobilization and Infrastructure Development

STRATEGIC OBJECTIVE 2: To modernize and develop infrastructural facilities that support services designed around the current and future needs of trainees in all their diversity while maintaining appropriate stewardship of resources and continual growth and expansion of the Polytechnic.

Key Result Area 2	Resource Mobilization and Infrastructure Development			
Outcome 2.1	Adequate Resources and Modernized infrastructural development that Quality TVET Training			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	To modernize and develop infrastructural facilities that support services designed around the current and future needs of trainees in all their diversity while maintaining appropriate stewardship of resources and continual growth and expansion of the Polytechnic.	Modernization and Infrastructural Development	<ul style="list-style-type: none"> • Develop effective Human Resource Functional Processes to attract and retain quality staff • Expand Infrastructure to cope with increasing number of students • Construction, Renovation and expansion of institution's buildings & Utilities • Mobilize financial resources through development of project proposals 	<ul style="list-style-type: none"> • Used Internal Resources to: <ol style="list-style-type: none"> i. Achieve 80% completion rate for the New Tuition Block to be used by Applied Sciences and Computing and Informatics Department ii. Renovate/paint all classrooms iii. Renovate Asbestos from 8 classrooms iv. Convert 6 staff housing blocks into office blocks for staff and Guidance & Counselling Unit v. Lay Cabro paving in 5 major roads walkways from within the Polytechnic
		Stewardship and Mobilization of Resources	<ul style="list-style-type: none"> • Improve stewardship in financial, built and natural resources • Commercialize and generate revenue from Production Unit • Develop human capacity in financial management • Strengthen financial management system to meet the requirements resulting from increased budgetary responsibilities • Enhance Risk and Disaster Preparedness 	<ul style="list-style-type: none"> • Reviewed Policy Documents for efficiency in Internal Process <ol style="list-style-type: none"> i. ICT Policy ii. Internal Controls and Procedures Policy iii. HR Procedures & Policy Manuals • Sponsored <ol style="list-style-type: none"> i. Accounting Staff ii. Audit Staff iii. HR Staff iv. Supply Chain Officers for relevant Professional Training

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4. STRATEGIC THEME/ISSUE: Research, Innovation and Technology for Sustainable Collaborations and Linkages

STRATEGIC OBJECTIVE 4: To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve.

Key Result Area 4	Research, Innovation and Technology for Sustainable Collaborations and Linkages			
Outcome 4.1	Improved Research, Technology and Innovations for Mutual Beneficial Collaborations			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve	Institutional collaborations and Linkages	<ul style="list-style-type: none"> • PPP strategy • Strengthen collaborations with research institution locally and internationally • Promote productive engagements with industries and manufacturing firms • Engage in strategic research partnerships to develop better tools and processes to enhance community entrepreneurial capacities 	<ul style="list-style-type: none"> • Established Technology Transfer Centre to upgrade skills for Community Members • Trained BodaBoda Riders on Road Safety
		ICT Integration	<ul style="list-style-type: none"> • Installation and operationalization of ICT systems in all departments • Develop digital instructional content • Develop ICT policy 	<ul style="list-style-type: none"> • Joined KENNET for ICT Service Provison
		Research and Innovations	<ul style="list-style-type: none"> • Develop and implement research policy • Enhance research capacities for research in the institution by Strengthening research to encourage creativity and innovativeness • Promote dissemination of research findings and innovations • Establish repository for dissemination and sharing of research findings 	<ul style="list-style-type: none"> • Facilitated staff to carry out Research that translated into Conference Papers

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5. STRATEGIC THEME/ISSUE: Human Capital Development, Changing Environment and Emerging Challenges

STRATEGIC OBJECTIVE 5:

To establish the Polytechnic as an institution of choice that attracts and retains staff of the highest calibre by creating an enabling environment that fosters and stimulates academic life, and a climate of professionalism in which all staff recognize and understand their role in ensuring the success of the Polytechnic.

Key Result Area 5	Human Capital Development, Changing Environment and Emerging Challenges			
Outcome 5.1	An Attractive Institution that Responds Adequately to the Needs of Staff and Trainees			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve	Human Capital Development	<ul style="list-style-type: none"> • Polytechnic performance evaluation and management system- Program and projects M&E system • Polytechnic/ Review mechanisms for performance management, including framework for evaluation PAS-AWPs, • Enhance Human resources technical capacities & Succession Planning • 	<ul style="list-style-type: none"> • Conducted various Capacity Building Training for staff in a variety of programs as per Performance Contract • Recruitment of Internal Auditor and a Nurse
		Enabling Environment	<ul style="list-style-type: none"> • Develop and implement requisite and consistent policies & regulations. • Adhere and sustain to high standards in provision of quality services • Enhance working environment, safety and welfare of staff. • Promote the provision of adequate teaching and learning materials 	<ul style="list-style-type: none"> • Converted staff houses into office Blocks • Acquired Modern furniture for staff and Library
		Emerging Issues	<ul style="list-style-type: none"> • 	

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VIII. CORPORATE GOVERNANCE STATEMENT
Governing Council Meeting Attendance.

Current Council Members

Council Member	Date Appointment	Date of Retirement	Responsibility	Membership & Attendance	Polytechnic Full Council	Education, Training, Research & Innovation (ETRI)	Finance, Administration & Resource Mobilisation (FARM)	Strategy, Enterprises & Infrastructure (SEI)	Audit & Risk Mgt. (ARM)	Special (Handing Over)
Agnes W. Kamiri	17 th Mar, 2023	16 th Mar, 2026	Current Chairperson of the Council	Membership	√					√
				Attendance	10/10					8/9
Honey A Mohamud	17 th Mar, 2023	16 th Mar, 2026	Academic Research Innovation and Trainees Affairs	Membership	√	√		√		√
				Attendance	10/10	4/4		4/4	3/3	2/9
Isabella N Mwangi	17 th Mar, 2023	16 th Mar, 2026	Admin. Finance, HR & Resource Mobilisation	Membership	√		√	√	√	√
				Attendance	10/10		3/4	4/4	1/3	8/9
Gilbert Nyongi	17 th Mar, 2023	16 th Mar, 2026	Planning Estate & Infrastructure	Membership	√	√	√		√	√
				Attendance	10/10	4/4	1/4		3/3	4/9
Purity S. Karaiet	2 nd Oct, 2019	1 st Oct, 2025	Member	Membership	√	√	√			√
				Attendance	10/10	3/3	4/4			5/9
Henry H. Duba	2 nd Oct, 2019	1 st Oct, 2025	Member	Membership	√			√	√	√
				Attendance	10/10			4/4	3/3	9/9
John Tuwei			CS Representative State Dep. Of TVET	Membership	√	√	√		√	√
				Attendance	7/10	3/4	1/4		3/3	2/9
Patrick Storm	10 th Mar, 2022	9 th Mar, 2025	CS Representative National Treasury	Membership	√		√		√	√
				Attendance	10/10		4/4		3/3	3/9

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Council Member	Date Appointment	Date of Retirement	Responsibility	Membership & Attendance	Polytechnic Full Council	Education, Training, Research & Innovation (ETRI)	Finance, Administration & Resource Mobilisation (FARM)	Strategy, Enterprises & Infrastructure (SEI)	Audit & Risk Mgt. (ARM)	Special (Handing Over)
Patrick Muchemi			Principal/Secretary to the Council	Membership	√	√	√	√		√
				Attendance	7/10	2/3	3/4	1/4		3/9

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1. Process of Council Members Appointment.

The Polytechnic Council was appointed by the Cabinet Secretary Ministry of Education, with effect from 17th March October, 2023 for a term of three years. There are eight (8) Council members comprising of the Chairperson, one member representing Principal Secretary Ministry of Education, one member representing Principal Secretary National Treasury ,five (5) independent members. The Principal is an *ex-officio* member of the Council.

Subject to the provisions of the Polytechnic order, the office of a member of the Council shall become vacant if the member:

- a) Resigns by notice in writing addressed to Cabinet Secretary
 - b) Is unable to perform the functions of the Office by reason of prolonged physical or mental incapacity.
 - c) Is adjudged bankrupt by a court of competent jurisdiction or enters into a composition or scheme of arrangement for the benefit of creditors
 - d) Is guilty of gross misconduct
 - e) Fails to meet requirements of chapter six of the Constitution
- Or
- f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.

The appointment of Council members shall:

- a) Take into account ethnic and gender balance
- b) Promote inclusion of persons with disability, minorities and marginalized and
- c) Ensure balanced cores skills and competencies amongst the members

In appointing members of the Council the Cabinet Secretary shall stagger the appointment of some members to maintain a proportion of new membership that ensures continuity in the services of the Council.

2. Process of Council Member Removal.

Where the office of a member of the Council becomes vacant the Cabinet Secretary may subject to the provisions of this order, appoint another person to fill the vacancy for the unexpired term of such member.

Notwithstanding the generality of the foregoing any member of the Council suspected of having contravened chapter six or chapter thirteen of the Constitution shall vacate office to pave way for investigations.

Where a person who has vacated office under sub-paragraph (3) is not found culpable after investigations carried out under sub-paragraph (5) the person shall be reinstated as a member of the Council.

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Paragraph 12 shall apply with respect to the conduct of the business and affairs of the Council.

3. Roles and Functions of the Council

- i. To ensure that proper management structure is in place and that the management maintain the corporate integrity, reputation and responsibility of the Polytechnic
- ii. To monitor and evaluate the implementation of the strategies, policies and management plans of the Polytechnic
- iii. To constantly review the viability and financial sustainability of the Polytechnic once in every year
- iv. To ensure that the Polytechnic complies with all the relevant laws, regulations, governance practices and accounting and auditing standards

4. Committees of the Polytechnic Council

In order to facilitate the smooth running of its affairs, the Polytechnic Council establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the financial year 2022/2024.

- i. Academic, Research, Innovation and Trainees Affair Committee
- ii. Administration, Finance, Human Resource and Resource Mobilisation Committee
- iii. Planning, Estate and Infrastructure Committee
- iv. Audit and Risk Management Committee.

The Polytechnic Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the Polytechnic Council and the Principal are ex-officio members of every committee of the Council.

5. Induction Training

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the Councils and Board of Governance to manage the TVET institutions on behalf of the Education Cabinet Secretary.

It is a requirement that the Governing Council members understand their functions and conduct well through induction program, and hence need for induction.

In the 2023/2024 FY The Audit and Risk (ARM) Committee of the Council attended a Governance, Risk And Compliance (GRC) Workshop from 24^h - 28th July, 2023 at

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Sarova Whitesands Resort, Mombasa which was organised by the Institute of Internal Auditors Kenya.

The following topics were covered:

- i. Understanding Corporate Governance Basics, Legal Regulatory and Standards Requirements
- ii. Providing assurance on risks and control to strategic objectives
- iii. Establish governance areas to audit- and how to do it
- iv. Developing business case for internal audit involvement
- v. Become a catalyst for improvement- without compromising independence
- vi. Reviewing the core components of organisational governance
- vii. Auditing the key components of the risk management process
- viii. Identifying the key sources of the conduct and reputational risks for your organisation
- ix. Identifying the components of corporate culture and business ethics governance

6. Council Remuneration

The Polytechnic Council members do not receive a salary. They are however paid a sitting allowance for every scheduled meeting attended. The Chairman also receives a monthly honorarium. The sitting allowance paid to the council members is disclosed in note 12 of the financial statements

Shared Believe

The Polytechnic Council and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity which are fundamental to the long-term success and sustainability of our mandate as an institution of higher learning



Agnes W. Kamiri

CHAIRPERSON OF COUNCIL

Date: 27/8/2025

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IX. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational and Financial Performance

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Kabete National Polytechnic as at June 30th, 2025 and its changes in financial position for the period under review as compared to the period ended 30th June, 2024.

This report covers the period between 1st July 2024 to 30th June, 2025 as stipulated by the reporting template issued by the National Treasury

Staffing as at 30th June 2025 was as follows:

During the period under review, the Polytechnic had a staff of 429 staff (males -233 and females - 196)

Description	M	F	Total
PSC Trainers	116	100	216
Governing Council Trainers	56	46	102
Governing Council Non-Trainers	61	50	111
Total	233	196	429

Student Enrolment as at 30th June 2025 was as follows:

During the period that has just ended, financial reporting of Kabete National Polytechnic included 9 Academic departments, offering diploma programmes, and Craft Certificate programs. The trainees' enrolment stood at 11,105 (table 1 below) as compared to 8,520 trainees in the previous year

S/NO	DEPARTMENT	LEVEL 3		LEVEL 4		LEVEL 5		LEVEL 6		TOTAL
		M	F	M	F	M	F	M	F	
1	Agriculture and Environmental Studies					42	33	180	133	388
2	Applied Sciences					38	101	205	285	629
3	Building & Civil Engineering	7		46	14	271	79	1,186	335	1,938
4	Business Studies					46	103	421	688	1,258
5	Computing & Informatics					246	203	552	512	1,513
6	Cosmetology & Fashion Design			1	13	9	118	0	6	147
7	Electrical & Electronic Engineering	12		71	4	218	23	1,260	296	1,884
8	Health Sciences					31	89	251	356	727
9	Hospitality & Consumer Studies					90	185	149	421	845
10	Liberal Studies					15	54	66	151	286
11	Mechanical & Automotive Engineering	5	0	94	12	286	44	918	131	1,490
TOTAL		24	0	212	43	1,292	1,032	5,188	3,314	11,105

Kabete National Polytechnic conducts its activities on 52 acres of land.

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The Polytechnic's financial report includes four basic financial statements: The Statement of Financial Performance, the Statement of Financial Position, the Statement of Cash Flows and the statement of Comparison of Budget and Actual Amount. These statements focus on the financial performance of the Polytechnic, the changes in financial position, cash flows of the Polytechnic's activities and compliance with the approved budget respectively

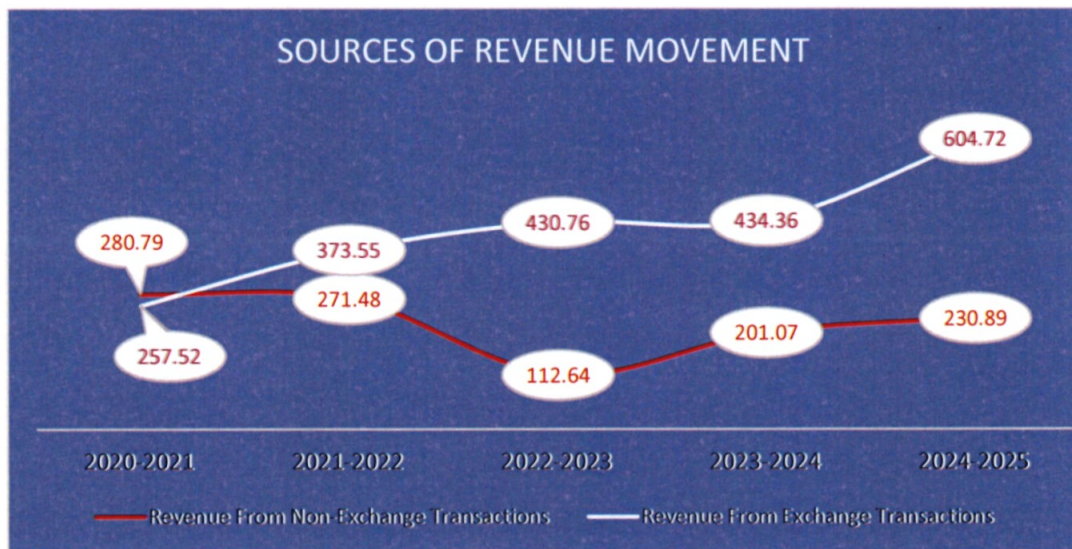
Financial Highlights

There was an increase in net position of the Polytechnic by Kshs 983.50 million from Kshs 4.620 billion to 5.603 billion as at 30th June, 2024 and 30th June, 2025 respectively. The increase was as a result of revaluation of fixed assets by the beginning of the period under review

Revenue from Exchange Transactions was the major source of funding for the Polytechnic.

During the period under review, the enrolment was 11,105 Trainees compared to 8,520 Trainees in financial year 2023/2024.

Significant components of the operating revenue:



Sources of Operating Revenue for the last five years.

Description	2020-2021 Kshs	2021-2022 Kshs	2022-2023 Kshs	2023-2024 Kshs	2024-2025 Kshs
Transfer from National Government	280,788,634	271,482,106	112,638,000	201,074,530	230,889,140
Tuition (School Fees)	249,810,116	334,573,325	412,520,076	409,186,631	557,882,699
Hire of Facility	238,500	3,855,114	6,751,000	8,860,750	8,620,910
Other Income	7,473,875	35,117,645	11,492,925	16,316,487	38,215,232
Total	538,311,125	645,028,190	543,402,001	635,438,398	835,607,981

Total operating revenues increased by Kshs 200.17 million from Kshs 635.44 million by 30th June, 2024 to Kshs 835.61 million by 30th June 2025 due to increase in the number of trainees and disbursement of recurrent grant by the Government.

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Other Income.

Hire of facilities generated Kshs 8.62 million while other income generated Kshs 38.22 million.

Operating Expenses

The following table summarizes the Polytechnic's operating expenses for the last five years on comparative basis.

Description	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	Kshs	Kshs	Kshs	Kshs	Kshs
Use of Goods and Services	223,684,498	479,602,507	280,938,935	344,858,087	555,140,755
Employee Costs	95,844,132	103,529,469	95,127,071	100,272,066	117,908,623
Council Expenses	11,790,241	12,593,727	12,568,094	11,694,973	18,391,358
Depreciation and Amortization	52,723,830	66,143,224	66,169,950	89,273,659	53,135,381
Repair Maintenance & Improvement	45,360,040	29,666,776	38,436,062	40,329,061	43,195,149
Contracted Services	11,403,521	0	0	0	4,972,000
Finance Costs	368,276	0	0	0	0
Project Costs	14,913,499	23,492,325	16,475,485	4,618,000	0
Total	456,088,037	715,028,028	509,715,598	591,045,846	792,743,266

Total operating expenses for the period under review was Kshs 792.74 million. There was an increase in operating expenses of Kshs 201.70 million from 591.05 million to Kshs 792.74 million by the end of June, 2024 and 2025 respectively. This is due to increase in the number of trainees as well as high cost of training materials. An analysis of expenses demonstrates that the major expenditure of the Polytechnic in the period under review was use of goods and services representing 70.2% while compensation to employees (i.e. salary, wages and benefits accounted for 14.9% of the total operating expenses.

Summary of Financial Performance over the last five years.

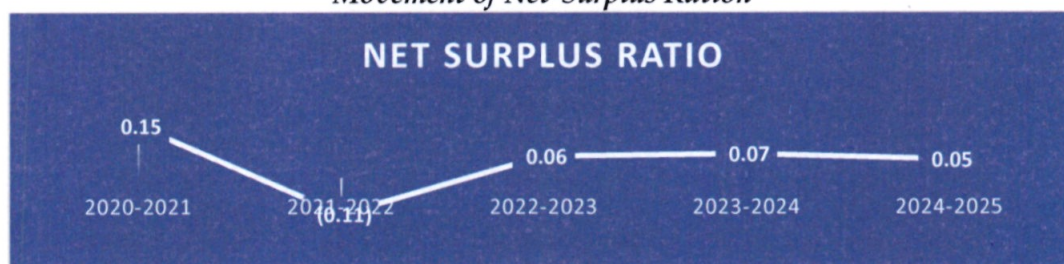
The Statement of Financial Performance presents the revenues earned and the expenses incurred during the last five years.

Description	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	Kshs	Kshs	Kshs	Kshs	Kshs
Total Operating Revenue	538,311,125	645,028,190	543,402,001	635,438,398	835,607,981
Total Operating Expenses	456,088,037	715,028,028	509,715,598	591,045,846	792,743,266
Total	82,223,088	(69,999,838)	33,686,403	44,392,553	42,864,715

During the period under review, the Polytechnic reported an decrease of Kshs 1.53 million in surplus from Kshs 44.39 million to Kshs 42.86 million by the end of June 2024 and 2025 respectively. This decrease was due to implementation of CBET and CDAAC Curricula

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Movement of Net-Surplus Ration



The surplus ratio decreased by 0.02 from 0.07 to 0.05 by the end of June 2024 and 2025 respectively in the performance indicator of the Polytechnic. This was brought about by the increase in operating revenues.

Statement of Financial Position

The Statement of Financial Position presents the financial position of the Polytechnic at the end of the period under review and includes all assets (current and non-current), liabilities (current and non-current) and net position of the Polytechnic. Current assets are classified as such if they are available to satisfy current liabilities. Net position is one indicator of the financial position of the Polytechnic, while the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

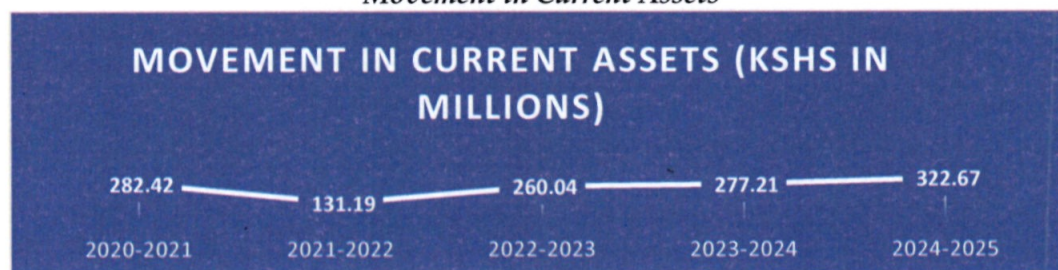
Summary of Financial Position over the last five years.

Description	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Assets	282,420,336	131,194,512	260,035,052	277,207,199	322,682,241
Non-Current Assets	4,260,939,243	4,337,749,398	4,380,749,810	4,342,529,213	5,279,133,722
Total Assets	4,543,359,579	4,468,943,910	4,640,784,862	4,619,736,412	5,601,815,963
Current Liabilities	119,053,562	114,637,731	213,741,764	148,300,761	167,486,543
Net Assets	4,424,306,016	4,354,306,179	4,427,043,098	4,471,435,651	5,434,329,420
Net Assets and Liabilities	4,543,359,579	4,468,943,910	4,640,784,862	4,619,736,412	5,601,815,963

Current Assets and Current Liabilities

Current assets include cash and cash equivalent, Receivables from Non-Exchange Transactions and Receivable from Exchange Transactions. Current assets increased by Kshs 45.48 million from Kshs 277.21 million to Kshs 322.68 million by the end of June, 2024 and 2025 respectively. This was due to increase in receivables from Exchange Transactions.

Movement in Current Assets

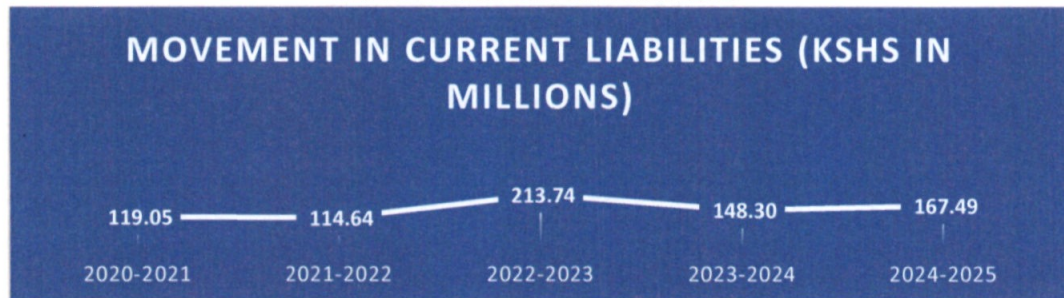


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Current Liabilities

Current liabilities include trade and other payables from Exchange Transactions, Refundable deposits to customers and payments received in advance

Movement in Current Liabilities



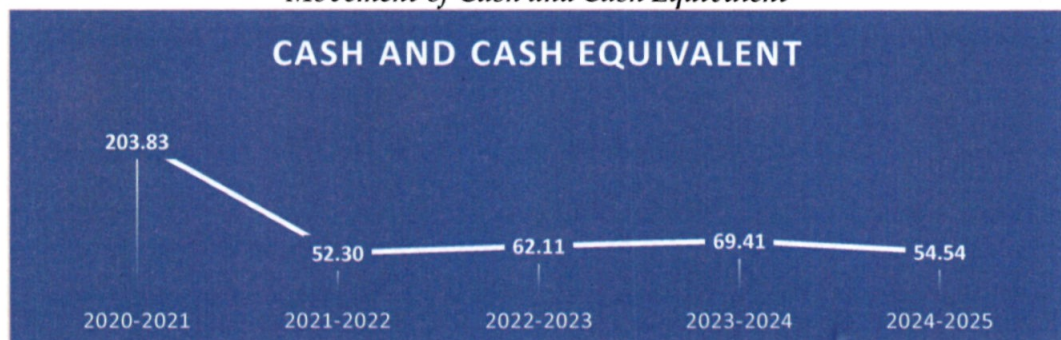
Current liabilities increased by Kshs 19.19 million from Kshs 148.30 million to Kshs 167.49 million by the end of June, 2024 and 2025 respectively. The increase is primarily related to increase in trade payables due to delay in disbursement of Capitation.

Movement of Current Ratio



The Polytechnic's current assets cover current liabilities by a factor of 1.9 time as at 30th June 2024 and 2025. This represents an indicator of good liquidity and the ability to bear short-term demands on working capital. The Polytechnic's current assets also cover approximately 4.8 months of its total operating expenses by the end of June 2024 and 2025.

Movement of Cash and Cash Equivalent



Cash and cash Equivalent decreased by Kshs 14.87 million from Kshs 69.41 million to Kshs 54.54 million by the end of June 2024 and 2025 respectively. The decrease is primarily related to payment of payables.

b) Compliance with Statutory Requirements

Compliance and regulatory risk include the risk of non-compliance with regulatory Requirements. The polytechnic has complied with all externally imposed requirements throughout the period under review

c) Major Risks Facing the Polytechnic

The polytechnic is likely to face risks that are related to resources, operations, strategies and technology as enumerated below.

- a) Resistance to the implementation of proposed programmes/activities by some stakeholders
- b) Staff turnover, redeployment or shortages of highly trained technical staff, is likely to affect delivery
- c) Changes in the Polytechnic mandate arising from for example restructuring or reorganization may cause disorientation in implementation of the Plan
- d) Inadequate funding or delayed, diverted or reduction of funds for the implementation of the Plan
- e) Resistance by stakeholders to adopt to new technological changes

In order to limit the effects of the above mentioned risks, it would be necessary to ensure the optimal utilization of the resources available to the Polytechnic and also maintain close consultation with its stakeholders during the implementation of the Plan. Proper and constant monitoring and evaluation of progress of activities would forestall failure in implementation

d) Key Projects and Investment Decisions Planned/Implemented

There were no major projects during the period under review.

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X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Kabete National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability Strategy and Profile

The Polytechnics are charged with the responsibility of creating a knowledge-based society that upholds justice, democracy and accountability. In this regard, KNP is under duty to promote a culture of compliance with laws, civility and human decency in behaviour among the Polytechnic community and between the Polytechnic community and the outside world. At the same time, the government, communities, development partners and other stakeholders continue to make substantial investment to support higher education programs and projects.

In the last few years the Polytechnic has benefited from CDF through fees payment for various needy trainees. As one of the TVET institutions in Nairobi County, it will be prudent for the administrators, political players and stakeholders not only to continue with their goodwill in harnessing financial support which will not only be of great use to the Polytechnic, but also in helping the Polytechnic amongst other institutions, position themselves in terms of TVET training in line with Vision 2030.

The government's effort is appreciated within the context of TVET Act of 2013 on Technical and Vocational Education and Training, Research and Innovation. This has given much impetus to the allocation of funds to TVET institutions in form of Trainees' capitation, HELB loans and bursaries and infrastructural development fund in the implementation of the "big 4" Agenda.

KNP is located in Nairobi County within an area of moderately well-endowed work force. Being in the town proximity, the Polytechnic is exposed to a variety of challenges that must be addressed. At institutional level, the increase in the number of trainees enrolled in regular programmes has not been matched by the desire for expanded infrastructure such as lecture halls and lecture rooms, library, offices, workshops and laboratories, hostels and other facilities. KNP has increasingly been compelled to address its funding shortfall from alternative sources.

The Kenya Vision 2030 has accorded science, technology and innovation high priority. The vision is based on the realization that in an increasingly knowledge-based and globalized world, Science, Technology and Innovation (ST&I) are essential, both for social and economic progress and for global competitiveness of our nation. KNP is a critical driver of innovation systems and the resultant development in science, technology and innovation such as our award-winning robot in the TVET robotic contest involving universities and colleges.

Technical education is essential for economic progress and for global competitiveness of our nation and is also central in productivity and the socio-economic transformation of the country. The Sector Plan for Science, Technology and Innovation (2013-2017) provides for

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revitalization and harnessing of science, technology and innovation for Kenya's prosperity and global competitiveness. In this regard, human resource development, research and knowledge generation will be strengthened at KNP to enhance their application in national production systems for sustainable development.

In line with the fourth agenda of the "Big 4" and the Vision 2030, KNP has the knowledge and capacity to deliver on the Manufacturing agenda.

KNP needs to improve and expand the laboratories/workshops and accredit them to meet the set standards for the local and international market. Further, KNP will construct and equip an innovation laboratory/workshop.

Environmental performance

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

We commit to:

- i. Provide a framework for planning and sustainable management of the Polytechnic environment.
- ii. Strengthen the institutional and individual capacity for effective management of the environment.
- iii. Ensure sustainable management of the Polytechnic's environment and its surrounding.
- iv. Ensure cooperation, collaboration, partnerships and participation in the protection conservation and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the Polytechnic's environmental sustainability programs.

The Management therefore ensures that the Polytechnic reduces the environmental impact by:

- i. Engaging with staff, Trainees and the surrounding communities to encourage environmentally sustainable behaviour.
- ii. Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality.
- iii. Minimizing use of natural resources such as water, non-renewable energy and paper.
- iv. Following the waste hierarchy- avoid or minimize, reduce, reuse, recycle and then dispose off correctly as the last option.
- v. Minimizing the use of hazardous substances.
- vi. Encouraging sustainable practices in relation to design, transport and travel, procurement and catering.

Employee welfare

When a vacant position arises, an advertisement is placed in two leading daily newspapers and online in order to reach a wide audience and coverage. The adverts usually contain a caption indicating that the polytechnic is an equal opportunity employer. Women, people with disabilities and marginalised communities are encouraged to apply.

During the shortlisting process, the panel ensures that at least a third (1/3) of the candidates are opposite gender. Throughout the interview process, if the highest number of successful candidates are male a consensus is reached to engage a female candidate though they may not have scored the highest but have met the minimum requirements.

In the course of hiring process, the relevant stakeholders like the heads of departments are involved in every stage of the recruitment process in order to get the best fit for the Departments. The council also takes part in the interviews to ensure a balanced perspective and transparency in the recruitment process. Returns are made after the interviews to the Ministry of Education on the recruitment of Public Service Commission trainers.

Every year returns are made to the National Employment Authority (NEA) on the status of all employees in each year. The returns include those that have been hired and those who have left the service of the Polytechnic during the year.

Efforts made by the Polytechnic to improve employees' skills include:

1. The Human Resource Department carries out a training needs assessment from which a training calendar is developed in order to ensure that the polytechnic has the right skills.
2. The Polytechnic pays for trainings to build their competencies in various areas and also pays for their membership in professional bodies.
3. In August 2019, the Polytechnic facilitated the top management and Public Service Commission trainers to attend a senior management Course at the Kenya School of Government.
4. The Polytechnic's ICT and Hospitality Department have in house programs for training staff in their areas of specialization in order to improve their skills.

The Polytechnic carries out an annual appraisal process during which employees are evaluated by the Heads of Department in consultation with the Human Resource Officer in order to identify their strengths and weaknesses and recommendations are given to improve on the identified weak areas.

On health and safety, the Polytechnic carries out a First Aid training for both Trainees and staff and this is carried out annually. The polytechnic has procured a WIBA cover for all staff.

Corporate Social Responsibility / Community Engagements

As part of Corporate Social Responsibility, the Polytechnic participates in community programs and activities that involve encouraging staff and Trainees' participation in community activities. Our Trainees were involved in cleaning up exercise in "N" Market and Kabete police station.

The Polytechnic dispensary in conjunction with Ministry of Health Westlands Sub-County carries out major medical screening every term for the Trainees, staff and the community around the institution.

The screening of the neighbouring community was majorly on non-communicable diseases like hypertension and diabetes where those who availed themselves had their blood pressure and blood sugar checked and all the suggestive cases were given referrals accordingly by the Polytechnic clinician.

This was preceded by sensitization of our community on all the non-communicable diseases on preventive measures. Major cleaning up exercise of areas around the institution and the police station was undertaken to maintain good environmental hygiene.

exercises by our final year Trainees in medical laboratory and pharmacy courses under the supervision of the Dean of Trainees' office.

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the Council and the top management. Every employee of Polytechnic is expected to give their full co-operation to the above principles in their activities at work. Clients or stakeholders are also expected to apply our environmental principles.

The effectiveness of the policy statement will be monitored and reviewed regularly by the Council and Management to ensure the Polytechnic's continued compliance with any relevant legislation to meet new legal requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of all employees as necessary.

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XI. REPORT OF THE POLYTECHNIC COUNCIL

The Polytechnic Council submits its report together with the audited financial statements for the year ended 30 June, 2025 which show the state of the Polytechnic's affairs.

Principal activities

The principal activities of the Polytechnic continue to be the provision of quality education, training, research and innovation in partnerships with stakeholders globally.

Results

The results of Kabete National Polytechnic for the year ended 30 June 2025 are set out on page 1 (one) to 30 (thirty).

Polytechnic Council Members

The members of the Polytechnic Council who served during the year are shown on page xi to xiv.

Auditors

The Auditor General is responsible for the statutory audit of the Kabete National Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council



Patrick W. Muchemi
PRINCIPAL/SECRETARY TO THE COUNCIL

27/8/2025
Date

**KABETE NATIONAL POLYTECHNIC
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XII. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*Section 14 of the State Corporations Act Cap 446, and Section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year and the operating results of the Polytechnic for that year. The Council members are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council members are also responsible for safeguarding the assets of the Polytechnic.

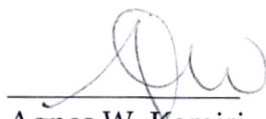
The Council members are responsible for the preparation and presentation of the Polytechnic's financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year ended on **30 June 2025**. This responsibility includes: (i) maintaining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

The Council members accept responsibility for the *Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act Cap 446, and the TVET Act 2013*). The council members are of the opinion that the *Polytechnic* financial statements give a true and fair view of the state of *Polytechnic* transactions during the financial year ended **30 June 2025**, and of the *Polytechnic's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *Polytechnic*, which have been relied upon in the preparation of the *Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *Polytechnic* financial statements were approved by the Council on 27th August 2025, and signed on its behalf by:



Agnes W. Kamiri
CHAIRPERSON OF THE COUNCIL



Mr. Patrick W. Muchemi
PRINCIPAL

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KABETE NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kabete National Polytechnic set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other

Report of the Auditor-General on Kabete National Polytechnic for the year ended 30 June, 2025

explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kabete National Polytechnic as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the report of the previous year, several issues were raised under the Report on the Financial Statements, Lawfulness and Effectiveness of Internal Controls and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Kabete National Polytechnic in 2024/2025 revealed that the following matters remained unresolved;

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Receivables from Exchange Transactions
3	2023/2024	Unsupported Property, Plant and Equipment
4	2023/2024	Unreconciled Cash and Cash Balances
5	2023/2024	Long Outstanding Payables from Exchange Transactions
6	2023/2024	Non-Compliance with Affirmative Action on Ethnicity and Regional Distribution
7	2023/2024	Unrealized Income
	Financial Year	Audit Issue
8	2023/2024	Failure to Disclose Biological Assets and a Forest
9	2023/2024	Officers Earning Less than a Third Basic Pay
10	2023/2024	Irregularity on Monthly Payroll

Other Information

Management is responsible for the Other Information set out on page iii to xlili which comprise of Key Polytechnic Information and Management, the Polytechnic Council, the Management Team, Chairman's Statement, Report of the Principal, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Corporate Social Responsibility, Report of the Polytechnic Council and Statement of Council Members' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Affirmative Action on Ethnicity and Regional Distribution

Review of personnel records and payroll database provided for audit revealed that the Polytechnic had 211 staff out of which 73 staff or 35% were from the same ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Non-Compliance with Employment Quotas for Persons with Disability

Review of payroll data revealed that Persons with Disabilities (PWDs) were not represented in the total population of the 211 staff or among the staff recruited during the year under review. This was contrary to Section 21(2)(a) of the Persons with Disabilities Act, 2025 which states that employers with 20 or more employees must ensure that at least 5% of their workforce consists of persons with disabilities.

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

3. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.258,782,029. However, review of the aging analysis revealed that receivables totalling Kshs.163,437,980 had been outstanding for over three (3) years. In addition, the balance includes Kshs.1,777,744 in respect of house rent from five (5) deceased officers that have been outstanding for more than six (6) years and no effort for recovery has been put in place.

In the circumstances, the full recoverability of the receivables from exchange transactions balance of Kshs.258,782,029 could not be confirmed.

4. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure of Kshs.656,718,900 and Kshs.837,596,816 respectively, resulting to a budget variance of Kshs.180,877,916 which indicates that the budget is not balanced. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget shall be balanced.

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

5. Unrealized Income

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects an amount of Kshs.8,620,910 in respect to revenue from hire of facilities and equipment's. The rates of rent payable by Kenya Power and Lighting Company Limited were subject to review after a period of ten (10) years. However, the lease has not been reviewed for the last seventeen (17) years denying the Polytechnic revenue that would have been realized if the rates were reviewed.

Management did not provide plausible explanation or documentation to clarify why the income was not realized or measures taken to address the shortfall.

In the circumstances, the Polytechnic is exposed to loss of revenue as a result of unreviewed rates.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Polytechnic Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

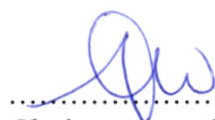
**KABETE NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

**XIV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30TH JUNE 2025**

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Other National Government Entities	5(a)	228,621,140	201,044,530
Public contributions and donations	6	2,268,000	30,000
Total Revenue from Non-Exchange Transactions		230,889,140	201,074,530
Revenue from exchange transactions			
Rendering of services- Fees from students	7	557,882,699	409,186,631
Hire of Facilities and Equipment	8	8,620,910	8,860,750
Other income	9	38,215,232	16,316,487
Total Revenue from exchange transactions		604,718,841	434,363,868
Total revenue		835,607,981	635,438,398
Expenses			
Use of goods and services	10	555,140,755	344,858,087
Employee costs	11	117,908,623	100,272,066
Council Expenses	12	18,391,358	11,694,973
Depreciation and amortization expense	13	53,135,381	89,273,659
Repairs and maintenance	14	43,195,149	40,329,061
Contracted Services	15	4,972,000	0
Project Expenses	16	0	4,618,000
Total expenses		792,743,266	591,045,846
Net Surplus for the year		42,864,715	44,392,553

The notes set out on pages 6 to 32 form an integral part of the Annual Financial Statements.

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



Chairperson of
Council


Date



Finance Officer

27/08/2025

Date



Principal

27/08/2025

Date



Sr. Accountant
ICPAK No 23207

27/08/2025

Date

**KABETE NATIONAL POLYTECHNIC
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XV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
ASSETS			
Current Assets			
Cash and cash equivalents	17	54,541,122	69,407,209
Receivables from Exchange Transactions	18	258,782,029	189,551,692
Receivables from Non-Exchange Transactions	19		11,787,000
Inventories	20	9,359,090	6,461,298
Non-Current Assets		322,682,241	277,207,199
Biological Assets	21	290,000	
Property, plant and equipment	22	5,264,575,822	4,334,968,103
Intangible Assets	23	14,267,900	7,561,110
Total Non-Current Assets		5,279,133,722	4,342,529,213
TOTAL ASSETS		5,601,815,963	4,619,736,412
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	24	104,207,612	84,844,439
Refundable deposits from customers	25	63,278,932	63,456,322
Total Current Liability		167,486,543	148,300,761
NET ASSETS		5,434,329,420	4,471,435,651
Revaluation Reserve	26	4,715,339,839	3,795,310,784
Retained Earning	27	645,216,452	602,351,737
Capital Fund	28	73,773,130	73,773,130
TOTAL NET ASSETS AND LIABILITIES		5,434,329,421	4,471,435,651


The Financial Statements set out on pages 1 to 7 were signed by:


.....
Chairperson of
Council


Date


.....
Finance Officer

Date


.....
Principal
27/08/2025

Date


.....
Sr. Accountant
ICPAK No 23207

Date

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XVI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2025

	Revaluation Reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2023	3,795,310,784	0	557,959,185	73,773,130	4,427,043,099
Valuation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income					0
Capital/Development grants received during the year		-			0
Surplus for the period			44,392,553		44,392,553
Transfer of depreciation/amortization from capital fund to retained earnings		-			0
At June 30, 2024	3,795,310,784	0	602,351,737	73,773,130	4,471,435,651
At July 1, 2024	3,795,310,784	0	602,351,737	73,773,130	4,471,435,651
Valuation gain	920,029,055				920,029,055
Fair value adjustment on quoted investments					0
Total comprehensive income					0
Capital/Development grants received during the year		-			0
Surplus for the period			42,864,715		42,864,715
Transfer of depreciation/amortization from capital fund to retained earnings		-			0
At June 30, 2025	4,715,339,839	0	645,216,452	73,773,130	5,434,329,421

**KABETE NATIONAL POLYTECHNIC
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XVII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Other National Government Entities		240,408,140	189,257,530
Public contributions and donations		2,268,000	30,000
Rendering of services- Fees from students		472,432,169	399,576,534
Hire of facilities and equipment		8,556,160	8,796,000
Other income		20,703,909	17,591,271
Total Receipts		744,368,378	615,251,335
Payments			
Use of goods and services		509,812,343	421,567,513
Employees Costs		117,908,623	100,144,466
Council Expenses		18,391,358	11,694,973
Repair Maintenance & Improvement		56,864,654	36,029,287
Contracted Services		2,486,000	
Project Cost- Mentored TVC's			4,618,000
Total Payments		705,462,977	574,054,238
Net cash flows from operating activities	29	38,905,401	41,197,097
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(53,611,489)	(47,952,216)
Purchase of Biological Assets		(160,000)	
Net cash flows used in investing activities		(53,771,489)	(47,952,216)
Cash flows from financing activities			
Government Capital Grant		0	14,050,517
Net cash flows used in financing activities		0	14,050,517
Net increase/(decrease) in cash and cash equivalents		(14,866,088)	7,295,398
Cash and cash equivalents at 1 July	17	69,407,210	62,111,811
Cash and cash equivalents at 30 June	17	54,541,122	69,407,210

The Financial Statements set out on pages 1 to 7 were signed by:


.....
Chairperson of
Council

Date


.....
Finance Officer

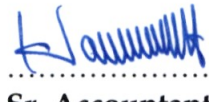
Date

27/08/2025


.....
Principal

Date

27/08/2025


.....
Sr. Accountant
ICPAK No 23207

Date

27/08/2025

**KABETE NATIONAL POLYTECHNIC
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XVIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Recurrent Budget	Original Annual Budget	Adjustments	Final Annual budget	Actual Cumulative to Date	Performance Difference	% of Utilization
	2024-2025		2024-2025	30-Jun-25	30-Jun-25	30-Jun-25
Revenue						
Transfers from other Govt entities Govt Capitation grants	0		0	73,372,000	73,372,000	
Government Recurrent Grant	40,000,000		40,000,000	70,351,933	30,351,933	175.88%
Transfers from the Nat. Govnt' - Tvet Scholarship			0	20,532,958	20,532,958	
Government Grant (Special Purpose)	0		0	64,364,249	64,364,249	
Public contributions and donations			0	2,268,000	2,268,000	
Rendering of services- Fees from students	581,590,500		581,590,500	557,882,699	(23,707,801)	95.92%
Hire of Facilities and Equipment	8,500,000		8,500,000	8,620,910	120,910	101.42%
Other Income	26,628,400		26,628,400	38,215,232	11,586,832	143.51%
			0			
Total income	656,718,900	0	656,718,900	835,607,981	178,889,081	127.24%
Expenses						
Use of Goods and services	334,907,800	230,000,000	564,907,800	555,140,755	9,767,045	98.27%
Employees Costs	128,685,600		128,685,600	117,908,623	10,776,977	91.63%
Council Expenses	18,372,216		18,372,216	18,391,358	(19,142)	100.10%
Depreciation & Amortization Expenses	66,700,000		66,700,000	53,135,381	13,564,619	79.66%
Repair and Maintenance	29,931,200	14,000,000	43,931,200	43,195,149	736,051	98.32%
Contracted Services	15,000,000		15,000,000	4,972,000	10,028,000	33.15%
Total expenditure	593,596,816	244,000,000	837,596,816	792,743,266	44,853,550	94.64%
Surplus for the period	63,122,084	(244,000,000.00)	(180,877,916)	42,864,715	223,742,631	-23.70%

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Development Budget	Original Annual Budget	Adjustments	Final Annual budget	Actual Cumulative to Date	Performance Difference	% of Utilization
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
Government Grant (Development	278,000,000	(278,000,000)	0		0	
Internally Generated (A-I-A)	63,122,084	7,000,000	70,122,084	69,710,836	(411,248)	99.41%
	341,122,084	(271,000,000)	70,122,084	69,710,836	(411,248)	
Purchase of property, plant, equipment and intangible assets	343,122,084		343,122,084	69,710,836	(273,411,248)	20.32%
Total Expenditure	343,122,084		343,122,084	69,710,836	(273,411,248)	20.32%
Total Surplus /(Deficit)	(2,000,000)	(271,000,000)	(273,000,000)	0	273,000,000	0.00%

The budget is approved on a cash basis by functional classification. The approved budget covers the financial year from July 1 2024 to June 30 2025 and includes all departments within the polytechnic

1. The original budget was approved by the National Assembly on 30th June, 2024
2. The budget and the accounting bases differ. The financial statements are prepared on accrual basis, using a classification based on the nature of expenses. The financial statement differs from the budget which is approved on cash basis.
3. The reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amount in the Statement of Cash Flows for the Year Ended June 30, 2025 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on cash basis and the financial statement on accrual bases

	Operating	Financing	Investing	Total
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	42,864,715		(69,710,836)	(26,846,121)
Basis difference	11,980,034	0	0	11,980,034
Timing Difference				
Entity Difference				
Actual Amount in the Statement of Cash Flows	54,844,749	0	(69,710,836)	(14,866,087)

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Basis Difference

<i>Description</i>	Amount	Amount
	2024-2025	2023-2024
	Kshs	Kshs
<i>Depreciation</i>	53,135,381	89,273,659
<i>Decrease/ (Increase) in Receivable from Non-Exchange Transactions</i>	(88,693,357)	1,910,251
<i>Increase / (Decrease) in Trade & Other Payables</i>	19,185,782	(65,441,003)
<i>increase / (Decrease) in Inventory</i>	(2,897,792)	
<i>Increase/(Decrease) in Provision for Bad and Doubtful Debts</i>	31,250,020	
Total	11,980,034	25,742,908

4. *Other Income – the decrease was as a result of conversion of some residential houses to Institutional offices. Also pay as you eat system did not realise the expected revenue due to high cost of commodities.*
5. *Use of Goods and Services. The increase was as a result of increase in the number of trainees and high cost of training materials.*
6. *Employees Cost. – Some of the Council Trainers were absorbed by the PSC contrary to what was projected. Again, the polytechnic had not implemented the pension scheme which was budgeted for.*
7. *The variance on purchase of property plant and equipment of Kshs 273,411,248 was as a result of non-disbursement of development grant by the government and therefore development projects could not be undertaken as was expected.*

**KABETE NATIONAL POLYTECHNIC
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XIX. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kabete National Polytechnic is established by and derives its authority and accountability from Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and the Technical and Vocational Education and Training Act, 2013 Act*). The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is provision of quality education, training, research and innovation in partnerships with stakeholders globally

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Polytechnic*.

The financial statements have been prepared in accordance with the Public Finance Management Act, 2013 the State Corporations Act, the TVET Act, 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Polytechnic and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

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Rendering of services

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

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

ii) Revenue from exchange transactions

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Council on 15th January, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Polytechnic's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *XVII* of these financial statements.

c) Property, plant and equipment

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

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acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. **As per the Polytechnic Policy, assets are not depreciated in the year of acquisition.**

The annual rates in use are:

Land	0%
Buildings	2.5%
Motor Vehicles	Depending on purpose as stipulated by NALM
Furniture & Fittings	12.5%
Computers & Printers	30%
Plant & Equipment	2.5%
Computer Software	2.5%
Intangible Assets	2.5%

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Polytechnic. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Polytechnic also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Polytechnic will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Polytechnic. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Intangible assets

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

f) Research and development costs

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

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- 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.

g) Financial instruments

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 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 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 Polytechnic assesses at each reporting date whether there is objective evidence that a financial asset or an Polytechnic of financial assets is impaired. A financial asset or a Polytechnic of financial assets is deemed to be impaired if, and only if, there is objective

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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 the Polytechnic of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- 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)

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 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.

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

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

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

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

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Changes in accounting policies and estimates

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

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l) Employee benefits

Retirement benefit plans

The Polytechnic provides gratuity for employees whereby upon retirement they are paid one-month basic salary for every year served.

m) Related parties

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

n) 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.

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Polytechnic based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Polytechnic. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18 (a).

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements

5. (a) Transfers from National Government - Ministry of Education

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
Unconditional Grant		
<i>Government Capitation</i>	73,372,000	86,121,000
<i>TVET Scholarship</i>	20,532,958	43,357,062
<i>Government Recurrent Grant</i>	70,351,933	29,630,243
	0	0
Total Unconditional Grant	164,256,891	159,108,305
	0	
Conditional Grant		
<i>M.o.E-Construction of Ruiru TVC</i>	0	500,000
<i>M.o.E - Monitoring and Evaluation</i>	11,239,425	5,936,225
<i>TVET @100</i>	33,124,824	35,500,000
<i>Kabete CDF-Construction of Karura Ka Nyungu TVC</i>	20,000,000	
Total Conditional Grant	64,364,249	41,936,225
Total government grants and subsidies	228,621,140	201,044,530

This includes money received as capitation and for the Construction of Githunguri and Ruiru TVC's

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5(b) Transfers from other Government Ministry - Ministry of Education

<i>Name of the Entity sending the grant</i>	Amount recognized to Statement of Comprehensive Income	Amount Deferred Under Deferred Income	Amount recognized in capital fund.	Total Grant income during the Year	Amount recognized to Statement of Comprehensive Income	Amount Deferred Under Deferred Income	Amount recognized in capital fund.	Total Grant income during the Year
	As at 30 June 2025	As at 30 June 2025	As at 30 June 2025	As at 30 June 2025	As at 30 June 2024	As at 30 June 2024	As at 30 June 2024	As at 30 June 2024
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Ministry of Education								
Unconditional Grant								
Government Capitation	73,372,000			73,372,000	86,121,000			86,121,000
TVET Scholarship	20,532,958			20,532,958	43,357,062			43,357,062
Government Recurrent Grant	70,351,933			70,351,933	29,630,243			29,630,243
Total Unconditional Grant	164,256,891	0	0	164,256,891	159,108,305	0	0	159,108,305
Conditional Grant								
M.o.E-Construction of Ruiru TVC	0			0	500,000			500,000
CDF Kabete-Construction of Karura Ka Nyungu TVC	20,000,000			20,000,000	0			0
M.o.E - Monitoring and Evaluation	11,239,425			11,239,425	5,936,225			5,936,225
Special Purpose Grant	33,124,824		0	33,124,824	35,500,000		0	35,500,000
Total Conditional Grant	64,364,249	0	0	64,364,249	41,936,225	0	0	41,936,225
Total	228,621,140	0	0	228,621,140	201,044,530	0	0	201,044,530

The above amount of Kshs 20,000,000 is a Special Purpose grant for construction of Karura Ka-Nyungu TVC's being mentored by Kabete National Polytechnic

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6. Public Contributions and Donations

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Donation from Equity Bank</i>	0	10,000
<i>TVET @ 100</i>	2,268,000	20,000
Total donations and sponsorships	2,268,000	30,000

7. Rendering of Services

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Tuition fees</i>	90,592,816	77,406,041
<i>Personal Emolument Fees</i>	47,506,017	31,255,137
<i>Boarding Equipment and Stores Fees</i>	17,400,000	6,804,915
<i>Local Transport and Travelling Fees</i>	20,518,850	13,439,976
<i>Electricity Water & Conseroancy Fees</i>	14,968,680	13,784,903
<i>Repair Maintenance & Improvement Fees</i>	26,262,490	19,356,900
<i>Contingency Fees</i>	1,005,890	42,880
<i>Application Fees</i>	7,063,425	2,840,209
<i>Insurance Fees</i>	3,968,283	3,378,090
<i>Student Union Fees</i>	3,317,535	3,292,717
<i>Library Fees</i>	3,936,238	2,839,933
<i>Activity Fees</i>	7,535,271	6,887,622
<i>Medical Fees</i>	4,035,949	3,591,176
<i>Security Fees</i>	1,001,570	790,130
<i>Student ID Fees</i>	1,922,153	1,909,590
<i>Administration Fees</i>	33,725,328	27,601,468
<i>Attachment Fees</i>	6,367,732	5,569,653
<i>Pharmacy & Poisons Board Fees</i>	21,120	76,100
<i>Internet Fees</i>	5,652,038	5,334,687
<i>Examination Fees</i>	96,680,244	38,465,593
<i>Examination Materials Fees</i>	25,213,907	50,270
<i>Examination Indexing</i>	10,469	
<i>NYS Sponsorship</i>	6,766,700	10,487,100
<i>Helb Student Loan</i>	60,563,827	94,233,379
<i>CDF - Constituency Development Fund</i>	36,098,255	29,380,178
<i>Equity Foundation</i>	1,088,721	0
<i>KUCCPS Registration</i>	3,201,629	992,598
<i>Contracted Services</i>	11,907,205	8,736,864
<i>KMLTTB</i>	35,620	82,860
<i>Project Fees</i>	0	203,500
<i>TVETA Registration</i>	1,098,671	352,163
<i>Recognition of Prior Learning Fees (RPL)</i>	18,416,067	
Total revenue from the rendering of services	557,882,699	409,186,631

This is revenue from exchange Transaction which is basically school fees charged to students

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8. Hire of Facilities and Equipment

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Hire of Facilities and Equipment</i>	8,556,160	8,796,000
<i>Operating lease Revenue - KPLC</i>	64,750	64,750
Total	8,620,910	8,860,750

This is revenue generation as a result of hiring Polytechnic Facilities such as conference rooms, hall and fields. For the lease, the polytechnic entered into a lease agreement with Kenya power and Lighting Company where by the lease per year is Kshs 70,000. Adjustment has been made for withholding tax which was not in force by the time the contract was negotiated .

9. Other Income

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Income Generating Activities</i>	24,200,425	9,087,790
<i>Catering Services (Pay-As-You-Eat)</i>	8,103,437	6,237,387
<i>House Rent for the year-Trainers</i>	427,400	563,400
<i>House Rent</i>	396,600	346,400
<i>Graduation Fees</i>	5,071,100	0
<i>Penalties</i>	16,270	81,510
Total other income	38,215,232	16,316,487

10. Use of Goods and Services

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Training Equipment & Stores</i>	79,230,527	59,126,960
<i>Boarding Equipment & Stores</i>	7,973,106	11,095,790
<i>Transport & Travelling</i>	11,945,194	10,943,520
<i>Electricity Water & Conservancy</i>	11,179,729	12,489,171
<i>Security</i>	11,692,498	12,358,999
<i>Professional services</i>	19,696,370	2,792,650
<i>Subscriptions</i>	2,075,630	5,015,160
<i>Administration costs</i>	149,651,911	81,276,030
<i>Examination Costs</i>	100,951,149	62,026,866
<i>Fees Refund</i>	1,643,355	3,423,175
<i>Library</i>	53,522	442,925
<i>Staff Development</i>	40,305,623	38,024,736
<i>Students Expenses</i>	30,077,418	29,411,741
<i>Income Generation Activities Expenses</i>	25,527,369	3,584,215
<i>Catering Expenses</i>	9,763,830	10,049,216
<i>Hire of Facilities</i>	1,042,157	911,150
<i>TVET @100 Expenses</i>	55,229,161	1,885,785

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<i>Description</i>	2024-2025 KShs	2023-2024 KShs
<i>Increase in Inventory</i>	(2,897,792)	
<i>Total Good and Services</i>	555,140,755	344,858,087

Use of Goods and Services refers to what the polytechnic is spending money on. Administration cost went high as a result of increase in provision for bad & doubtful debts and staff training and development cost as a way of capacity building.

11. Employee Costs

<i>Description</i>	2024-2025 KShs	2023-2024 KShs
<i>Salaries and Wages</i>	73,731,845	68,931,314
<i>Travelling Allowance</i>	5,091,000	5,152,000
<i>Housing benefits and allowances</i>	19,036,500	18,811,625
<i>Medial Allowance</i>	1,029,675	1,046,100
<i>Employers NSSF Contribution</i>	5,059,421	3,177,330
<i>Insurance (Wiba)</i>	674,276	621,093
<i>House Levy</i>	1,478,976	1,267,179
<i>Leave Allowance</i>	466,000	470,000
<i>Gratuity</i>	11,187,430	40,424
<i>Salary Advance</i>	153,500	755,000
<i>Total Employee costs</i>	117,908,623	100,272,066

The average number of employees during the period was 213 (2023/2024- 190). Staff gratuity is payable after successful completion of contract. The variance is due to introduction of house levy and increase in NSSF contribution by employer in compliance with government directives

12. Council Expenses

<i>Description</i>	2024-2025 KShs	2023-2024 KShs
<i>Chairman's Honoraria</i>	1,045,715	1,045,716
<i>Sitting Allowances</i>	6,288,640	4,807,164
<i>Insurance Cover</i>	527,425	212,637
<i>Airtime</i>	450,000	490,000
<i>Capacity Building</i>	2,925,664	1,055,800
<i>Transport</i>	2,419,864	1,610,857
<i>Meals</i>	342,000	216,000
<i>Per Diem</i>	3,624,800	2,256,800
<i>Laptops</i>	711,800	
<i>Other Expenses</i>	55,450	
<i>Description</i>	18,391,357.90	11,694,973.37

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The Council expenses were higher during the period under review as compared to the same period of the previous year due to several issues that required attention if the council

13. Depreciation and Amortization expense

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Property, plant and equipment</i>	49,353,281	82,217,089
<i>Intangible assets</i>	3,782,100	7,056,570
Total Depreciation and Amortization	53,135,381	89,273,659

Depreciation during the period reduced due to revaluation of Property Plant and Equipment

14. Repairs and Maintenance

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Repair and Cleaning of Septic Tanks</i>	0	393,170
<i>Repair of Equipment & Machineries</i>	4,824,048	9,150,342
<i>Repair of Furniture</i>	6,583,744	193,200
<i>Repair & Maintenance of Buildings</i>	29,703,488	26,083,316
<i>Maintenance of Ground</i>	2,083,869	4,032,683
<i>Repair of Perimeter Wall</i>	0	206,750
Total Repairs and Maintenance	43,195,149	40,329,061

As compared to the previous year, the cost of repairs went high as a result of high cost of building materials for repair and maintenance of buildings.

15. Contacted Services

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Asset Valuation Expenses</i>	4,972,000	
Total Contracted Services	4,972,000	0

This relates to the cost incurred for revaluation of Property Plant and Equipment

16. Project Expenses

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Githunguri T.V.C</i>	0	718,842
<i>Ruiru T.V.C</i>	0	3,899,158
Total Project Costs	0	4,618,000

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This relates to the cost incurred for construction of Githunguri and Ruiru Technical and Vocational Colleges.

17. Cash and Cash Equivalents

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Current account</i>	54,541,122	69,407,209
Total cash and cash equivalents	54,541,122	69,407,209

17 (b). Detailed Analysis of Cash and Cash equivalents

<i>Description</i>	<i>Account No.</i>	2024-2025	2023-2024
		KShs	KShs
a) Current account			
<i>Cash In Hand</i>		25,220.03	52,102
<i>Standard Chartered - Main A/c</i>	0102096956200	253,203.00	442,051
<i>Standard Chartered -IGA A/c</i>	0102096956201	660,118.65	11,381,837
<i>Co-op - Fees Collection A/c</i>	01129038542700	8,119,219.51	10,895,317
<i>Co-op - Examination A/c No.</i>	01129038542701	12,259,102.26	5,107,560
<i>Co-op - G.o.K Development A/c</i>	01129038542702	25,328,336.04	2,340,566
<i>Co-op - Internal Dev. A/c</i>	01129038542703	538,742.44	3,212,718
<i>Equity Bank - PAYE A/c No.</i>	0630272453978	2,224,207.88	416,219
<i>NCBA Gratuity A/c No.</i>	1004250067	383,553.40	1,562,743
<i>TVET @ 100 A/c/ No.</i>	0630285292240	2,432,985.50	33,890,576
<i>Safiricom MPESA</i>	4084401	2,316,433.00	105,520
Total Cash and Cash Equivalent		54,541,122	69,407,209

18. Receivables from Exchange transactions

(a) Current Receivables from Exchange Transactions

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
Current receivables		
<i>Student debtors</i>	288,936,720	188,115,436
<i>Rent debtors</i>	6,787,231	7,070,908
<i>KPLC Lease</i>	101,500	36,750
<i>Advance payments-Salary</i>	137,868	259,868
<i>Teachers Serocie Commission</i>	191,979	191,979
<i>Post Training</i>	350,088	350,088
<i>Forum for International Corporation(FIC)</i>	347,286	347,286
<i>Less Provision for Bad & Doubtful Debts</i>	(38,070,643)	(6,820,623)
Total Receivables From Exchange Transaction	258,782,029	189,551,692

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Provision for bad and doubtful debts has been computed as follow:

<i>Description</i>	2-3 years (Kshs)	Over 3 Years (Kshs)	Total (Kshs)	Less Provision (20%)	Carrying Amount (Kshs)
<i>Fees Debtors</i>	26,608,083	156,995,633	183,603,716	36,720,743	146,882,973
<i>House Rent Debtors</i>	270,402	6,369,479	6,639,881	1,327,976	5,311,905
<i>Kenya Power & Lighting Co. Ltd.</i>	36,750	0	36,750	7,350	29,400
<i>Salary Advance</i>	0	72,868	72,868	14,574	58,294
Total	26,915,235	163,437,980	190,353,215	38,070,643	152,282,572

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Polytechnic has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Polytechnic has significant concentration of credit risk on amounts due from Trainees fees arrears.

The Council sets the Polytechnic credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Bad and doubtful debts have been provided at a rate of 20% for debtors over two (2) years.

(b) Aging Analysis of Receivables from Exchange Transactions

<i>Description</i>	2024/2025	% of the Total	2023/2024	% of the Total
<i>Less than 1 year</i>	34,299,382	11.55%	59,030,045	30.05%
<i>Between 1-2 years</i>	72,200,075	24.32%	28,444,964	14.48%
<i>Between 2-3 years</i>	26,915,235	9.07%	537,714	0.27%
<i>Over 3 Years</i>	163,437,980	55.06%	108,424,343	55.20%
TOTAL	296,852,672	100.00%	196,437,066	100.00%

19. Receivables from Non-Exchange Transactions

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Bal b/f</i>	11,787,000	14,050,517
<i>Exchequer Capitation Receivable</i>		11,787,000
<i>Bal b/f M.o.E - Githunguri TVC</i>		
Total	11,787,000	25,837,517
<i>Less Repayment</i>	(11,787,000)	(14,050,517)
Total Receivable from Non-Exchange Transactions	0	11,787,000

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(b) Aging Analysis of Receivables from Non-Exchange Transactions

<i>Description</i>	2024/2025	% of the Total	2023/2024	% of the Total
<i>Less than 1 year</i>	0	0.00%	11,787,000	0.00%
TOTAL	0	0.00%	11,787,000	0.00%

20. Inventories

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Consumable Stores</i>	5,284,320	4,847,637
<i>Maintenance Stores</i>	2,105,670	
<i>Health Unit Stores (Dispensary)</i>	1,120,500	890,761
<i>Cleaning Materials Stores</i>	848,600	722,900
Total Receivables From Exchange Transaction	9,359,090	6,461,298

21. Biological Assets

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Purchases</i>	160,000	
<i>Revaluation</i>	130,000	
Total	290,000	

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22. (a) Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Plant and Equipment	Infrastructure Assets	Capital Works-in-Progress	Total
<i>Cost</i>	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
<i>As at 1st July 2024</i>	3,250,000,000	1,069,593,105	30,490,790	42,985,939	73,952,001		104,831,399		10,434,731	4,582,287,964
<i>Additions During the Period</i>		62,033,336		7,124,190	393,310		0		0	69,550,836
<i>Disposals During the Period</i>										0
<i>Transfer/adjustments During the Period</i>										0
<i>Valuation</i>	700,000,000	133,962,018	1,570,260	11,270,261	(46,171,621)	12,506,258	70,485,501	62,955,000	(4,526,333)	942,051,344
<i>As at 30 June 2025</i>	3,950,000,000	1,265,588,459	32,061,050	61,380,390	28,173,690	12,506,258	175,316,900	62,955,000	5,908,398	5,593,890,144
<i>Depreciation and impairment</i>										
<i>As at 1st July 2024</i>		76,387,316	22,958,339	17,204,092	64,779,906		65,990,208		0	247,319,861
<i>Depreciation for the Period</i>		18,474,076	3,501,050	4,364,209	8,334,114	1,563,282	8,529,800	4,586,750		49,353,281
<i>Impairment For the Period</i>		115,807,497	(19,457,289)	2,138,438	(54,905,547)		(10,941,919)			32,641,180
<i>As at 30 June 2025</i>	0	210,668,889	7,002,100	23,706,738	18,208,473	1,563,282	63,578,089	4,586,750	0	329,314,321
<i>Net book values</i>										
<i>As at 30 June 2025</i>	3,950,000,000	1,054,919,570	25,058,950	37,673,652	9,965,217	10,942,975	111,738,811	58,368,250	5,908,398	5,264,575,823
<i>As at 1st July 2024</i>	3,250,000,000	993,205,789	7,532,451	25,781,847	9,172,095	0	38,841,190	0	10,434,731	4,334,968,103

Buildings were revalued in July, 2024 by Touchstone Valuers Limited. Valuations are made on the basis of the recent market transactions on arm's length terms (i.e. open market value). The book values of the properties were adjusted to the revaluations and the resultant and is shown in the revaluation reserve.

Valuation
As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 1st July, 2024

Note: The polytechnic had an unknown value of trees and crops at the end of the year under review.

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20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
<i>Buildings</i>	346,249,014		346,249,014
<i>Plant and machinery</i>	3,968,128		3,968,128
<i>Motor vehicles, including motorcycles</i>	21,630,155		21,630,155
<i>Computers and related equipment</i>	20,814,156		20,814,156
<i>Office equipment, furniture, and fittings</i>	15,103,942		15,103,942
Total	407,765,395	-	407,765,395

23. Intangible Assets

Computer Software

Cost	2024-2025	2023-2024
	Kshs	Kshs
<i>At the Beginning of the Year</i>	34,610,280	28,226,280
<i>Additions During the Period</i>		6,384,000
<i>Disposals During the Period</i>		
<i>Transfer/adjustments During the Period</i>	(4,353,480)	
<i>Revaluation</i>		
At the End of the Year	30,256,800	34,610,280
Depreciation and impairment		
<i>At the Beginning of the Year</i>	27,049,170	19,992,600
<i>Depreciation for the Period</i>	3,782,100	7,056,570
<i>Impairment For the Period</i>	(14,842,370)	
At the End of the Year	15,988,900	27,049,170
Net book values		
At the End of the Year	14,267,900	7,561,110

This relates to the Polytechnic ERP and Student Online Attachment Management Information System.

24. (a) Trade and Other Payables from Exchange transactions

Description	2024-2025	2023-2024
	KShs	KShs
<i>Trade payables</i>	104,207,612	84,844,439
Total trade and other payables	104,207,612	84,844,439

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(b) Aging Analysis of Trade and Other Payables

<i>Description</i>	2024/2025	% of the Total	2023/2024	% of the Total
<i>Less than 1 year</i>	79,294,266	76.09%	67,653,856	79.74%
<i>Between 1-2 years</i>	10,052,478	9.65%	6,408,152	7.55%
<i>Between 2-3 years</i>	6,891,252	6.61%	6,030,316	7.11%
<i>Over 3 Years</i>	7,969,615	7.65%	4,752,115	5.60%
TOTAL	104,207,611	100.00%	84,844,439	100.00%

25. Refundable Deposits from Customers

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Consumer deposits-Prepaid fees</i>	311,150	311,150
<i>Student Caution Money</i>	36,648,619	37,917,980
<i>Helb Student Loan</i>	19,936,652	19,841,001
<i>CDF - Constituency Development Fund</i>	5,679,641	4,683,321
<i>Equity Foundation</i>	35,500	35,500
<i>TVET Scholarship</i>	665,000	665,000
<i>Lappset</i>	2,370	2,370
Total deposits	63,278,932	63,456,322

Refundable deposits reduced during the year under review as a result of issuance of the respective funds to the bonafide trainees.

(b) Aging Refundable Deposits from Customers

<i>Description</i>	2024/2025	% of the Total	2023/2024	% of the Total
<i>Less than 1 year</i>	5,139,953	8.12%	5,568,030	8.77%
<i>Between 1-2 years</i>	4,830,581	7.63%	3,837,104	6.05%
<i>Between 2-3 years</i>	2,812,629	4.44%	4,748,745	7.48%
<i>Over 3 Years</i>	50,495,769	79.80%	49,302,443	77.70%
TOTAL	63,278,932	100.00%	63,456,322	100.00%

26. Revaluation Reserves

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Land</i>	3,950,000,000	3,250,000,000
<i>Building and Infrastructure</i>	412,308,863	394,154,341
<i>Motor Vehicle</i>	19,965,244	(1,062,305)
<i>Furniture and Fittings</i>	44,129,936	34,998,113
<i>Computers</i>	38,216,617	29,482,690

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<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Plant and Equipment</i>	169,165,365	87,737,945
<i>Work-In-Progress</i>	(4,526,333)	0
<i>Office Equipment</i>	12,506,258	0
<i>Infrastructure Assets</i>	62,955,000	0
<i>Intangible Assets</i>	10,488,890	0
<i>Biological Assets</i>	130,000	0
Total revaluation Reserve	4,715,339,839	3,795,310,784

Revaluation reserve increased due to revaluation of Property Plant & Equipment

27. Retained Earnings

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Balance b/f</i>	602,351,737	557,959,184
<i>Surplus/(Deficit) for the year</i>	42,864,715	44,392,553
Total Accumulated Surplus (Deficit)	645,216,452	602,351,737

28. Capital Fund

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Balance b/f</i>	73,773,130	73,773,130
Total Capital Fund	73,773,130	73,773,130

29. Cash generated from operations

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Surplus for the year before tax</i>	42,864,715	32,605,563
Adjusted for:		
<i>Depreciation</i>	53,135,381	89,273,659
Working Capital adjustments		
<i>Decrease/(Increase) in inventory</i>	(2,897,792)	
<i>Decrease/(Increase) in receivables from Exchange Transactions</i>	(100,480,357)	(12,140,266)
<i>Decrease/(Increase) in receivables from Non-Exchange Transactions</i>	11,787,000	
<i>Increase in Provision for Bad & Doubtful Debts</i>	31,250,020	
<i>Increase/(Decrease) in payables</i>	3,246,435	(65,441,003)
Net cash flow from operating activities	38,905,402	44,297,953

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Financial Risk Management

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

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

(i) Credit risk

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

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

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

<i>Description</i>	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June, 2024	0			
<i>Receivables from exchange transactions</i>	183,872,724	183,872,724		
<i>Receivables from Non-Exchange Transactions</i>	14,050,517	14,050,517		
<i>Bank balances</i>	62,111,811	62,111,811		
Total	260,035,052	291,778,140	0	0
At 30 June, 2025	0			
<i>Receivables from exchange transactions</i>	258,782,029	258,782,029		
<i>Receivables from Non-Exchange Transactions</i>	0	0		
<i>Bank balances</i>	54,541,122	54,541,122		
Total	258,958,901	313,323,151	0	0

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Polytechnic has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Polytechnic has significant concentration of credit risk on amounts due from late disbursement of capitation money which is always budgeted for. The Council sets the Polytechnic's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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(ii) Liquidity risk management

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

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

<i>Description</i>	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<i>At 30 Sept, 2024</i>				
<i>Trade payables</i>	44,487,554	17,078,181	23,278,704	84,844,439
Total	44,487,554	17,078,181	23,278,704	84,844,439
<i>At 30 Sept, 2025</i>				
<i>Trade payables</i>	31,587,504	33,675,077	38,945,031	104,207,612
Total	31,587,504	33,675,077	38,945,031	104,207,612

(iii) Capital Risk Management

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

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Revaluation Reserve</i>	4,715,339,839	3,795,310,784
<i>Retained earnings</i>	645,216,452	602,351,737
<i>Capital reserve</i>	73,773,130	73,773,130
Total funds	5,434,329,421	4,471,435,651
<i>Total borrowings</i>		0
<i>Less: cash and bank balances</i>	(54,541,122)	(69,407,209)
Net debt/(excess cash and cash equivalents)	(54,541,122)	(69,407,209)
Gearing	0.00%	0.00%

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30. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) Key management;
- iii) Council;

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

i. Government of Kenya

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Grants from National Govt</i>	208,621,140	189,257,530
<i>Grants from Kabete CDF</i>	20,000,000	
Total	228,621,140	189,257,530

ii. Polytechnic Council

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Council Expenses</i>	18,391,358	11,694,973
Total	18,391,358	11,694,973

iii. Polytechnic Top Management.

The top management officers who are employed by the Polytechnic Council are three

<i>Description</i>	2024-2025	2023-2024
	KShs	KShs
<i>Top Management</i>	5,334,040	5,334,040
Total	5,334,040	5,334,040

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31. Events After the Reporting Period

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

32. Ultimate and Holding Polytechnic

The Polytechnic is a Semi- Autonomous Government Agency under the Ministry of education. Its ultimate parent is the Government of Kenya.

33. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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XX. APPENDICES

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Inaccuracies in the Financial Statements.</p> <p>Review of the financial statements reported for audit revealed the following inaccuracies:</p> <p>i. In the statement of cash flow, the comparable opening balance for use of goods and services is reported as Kshs.198,862,994. However, the audited financial statements reflect a balance of Kshs.198,851,994 resulting to an unreconciled variance of Kshs.11,000.</p> <p>ii. the statement of cash flow opening balances for repair and maintenance and improvement is reported as Kshs.24,955,301. However, the</p>	<p>Corrections have been made to reflect the correct opening balances (Appendix I)</p> <p>Corrections have been made to reflect the correct opening balances (Appendix I)</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	audited balance was Kshs.24,966,301 resulting to an unreconciled variance of Kshs.11,000.					
	iii. The statement of cash flow reported under Note 18&19 reported purchase of property, plant and equipment and intangible assets balance is reported as Kshs.47,952,216 against the recomputed amount of Kshs.51,053,062 under Note 20 and Note 21 to the financial statements. The resulting variance of Kshs.3,100,846 was not reconciled.	The variance of Kshs 3,100,846 was brought about by acquisition of PP& E item on credit thus not appearing in Statement of Cash Flows which is prepared using a direct method				
	iv. The value of inventory Kshs.6,461,298 has been omitted from the cash flow statement.	The value of inventory was included in the use of goods and services				
	v. The comparative opening balance for cash and cash equivalent in the statement of cash flow reflects Kshs.62,111,811 while the statement of financial position reflects Kshs.61,947,729 resulting to unexplained variance of Kshs.164,082. The statement of changes in net	Kshs 14,050,517 was accounted for in 2022/2023 Financial Year as receivables from Non-Exchange transaction and thus was not relating to the year under review.				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the / (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>assets for the year ended reflects Government capital grant of nil amount for capital/development received during the year. However, reported in the statement of cash flows is Government capital grant of Kshs.14,050,517 resulting of an unreconciled variance of Kshs.14,050,517.</p> <p>In the circumstances, the financial statements balances presented for audit may not be accurate and complete to reflect the true and fair view.</p>					
2.0	<p>Long Outstanding Receivables from Exchange Transactions</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs.189,551,692 as disclosed in Note 17 to the financial statements. Included in the balance is Kshs.136,412,465 which have been outstanding for more than two years.</p>	<p>The huge balance of receivable is due to reduced capitation contrary to expectations and also delay in disbursement of capitation grant by the Government</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Further, review of long outstanding receivables revealed receivables in respect of house rent from five (5) deceased staff amounting to Kshs.1,984,994 and rent receivable from staff who moved out amounting to Kshs.5,106,985. These receivables have been outstanding for more than five (5) years and no effort for recovery have been put in place</p>	<p>Previously, the Trainers were under the Teachers Service Commission. Despite several request by the Management of Kabete National Polytechnic to TSC to help recover rent on our behalf, this did not bear any fruits.</p> <p>The polytechnic has also written to individual trainers demanding payment of rent arrears (Appendix II)</p> <p>As for the deceased (unrecoverable), the Polytechnic Management and the Council are seeking authority to write then off as bad debt.</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.189,551,692 could not be confirmed.					
3.0	<p>Unsupported Receivables from Exchange Transactions</p> <p>The statement of financial position reflect receivables from exchange transactions balance of Kshs.189,551,692 as disclosed in Note 17 to the financial statements which was not supported by the receivable's movement schedule, receipt invoices, receipt vouchers and receivables ledger.</p> <p>In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.189,551,692 could not be confirmed.</p>	Support schedules have been provided for audit review. (Appendix III) in soft copy.				
4.0	<p>Unsupported Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment and intangible assets balance of Kshs.4,334,968,103 and Kshs.7,561,110 as disclosed in Note 20 and 21 to the financial statements. However, review revealed the following issues of concern:</p>					

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>i. The Polytechnic was allocated land under grant No. L.R 23463 for a period of 99 years from January 1, 1967 registered in the name of the Board of Governors Kabete Technical School measuring 52.6 acres. There has been a long running dispute between the Polytechnic and a local church which claims ownership of five (5) acres. The National lands commission investigated the matter and concluded that the church has no legal claim to the land and that the title was obtained fraudulently. The Polytechnic Council and Management have not demonstrated action taken to secure the land and ensure it is registered in the name of the Polytechnic as required by Section 3(2)(b) of Kabete National Polytechnic Order, 2016.</p> <p>ii. Detailed depreciation schedule for the property, plant, and equipment (PPE) and intangible assets as not provided to verify the accuracy and completeness of the depreciation</p>	<p>The Kabete National Polytechnic has a genuine Title Deed which was issued on 1st January, 1967. However, since it's an old generation title, the polytechnic is in the process of acquiring new generation title deed. The process is ongoing and it has reached gazette stage via gazette notice No. 16764 dated 20th December, 2024. (Appendix IV)</p> <p>Depreciation of Kshs 89,273,659 has been supported by an updated asset register (Appendix V) in soft Copy</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expense of Kshs.89,273,659 charged as reflected in Note 13 to the statement of financial performance.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.4,342,529,213 could not be confirmed</p>					
5.0	<p>Unsupported Cash and Cash Balances</p> <p>The statement of financial position and as disclosed in Note 16 to the financial statements reflect cash and cash equivalents balance of Kshs.69,407,209. However, board of survey and bank certificates for all bank accounts were not provided to confirm bank balances. Further, included in this amount is Kshs105,520 relating to MPESA balances and NCBA Gratuity account number 1004250067 whose statements were not provided for audit.</p> <p>In addition, the statement of financial position and Note 15 to the financial statements reflects cash and cash equivalents balance of Kshs.69,407,209. Included in this amount is Kshs.3,212,718 relating to cooperative bank internal development account number</p>	<p>Cash and cash equivalent of Kshs 69,407,208 has been sufficiently been supported by statement of bank balances and board of cash survey Appendix VI)</p> <p>Reconciliation has been made between cashbook balance in reconciliation and the bank statement.</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>01129038542703. However, this amount differs with the cash book balance in reconciliation statement amount of Kshs5,673,472 resulting to a variance of Kshs.2,460,754.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalent balance of Kshs.69,407,209 could not be confirmed.</p>					
6.0	<p>Refundable Deposits</p> <p>The statement of financial position and as disclosed in Note 24 to the financial statements reflects refundable deposits from customers of Kshs.63,456,322. Contained in the said balance is TVET scholarships of Kshs.665,000, CDF of Kshs.4,683,321, HELB student loan of Kshs.19,841,001, student caution money of Kshs.37,917,980, Equity foundation of Kshs.35,500 and Lappset of Kshs.2,370 which had no supporting schedules. Further, there is no deposit bank account holding the refundable deposit where the balance reported could be traced.</p>	<p>All the support schedules have been provided for review (Appendix VII)</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the accuracy and completeness of refundable deposits from customer's balances of Kshs.63,456,322 could not be confirmed.					
7.0	<p>Unsupported Expenditure</p> <p>The statement of financial performance and Note 15 to the financial statements reflects project costs totaling to Kshs.4,618,000. However, the expense has not been supported by ledgers and schedules.</p> <p>In the circumstances, the accuracy and validity of the project expense reported could not be confirmed.</p>	The project cost which relates to Githunguri and Ruiru Technical and Vocational College have been fully supported. (Appendix VIII)				
8.0	<p>Long Outstanding Payables from Exchange Transactions</p> <p>The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.84,844,439 as disclosed in Note 23 to the financial statements. The aging analysis reveals that above balance includes trade other payables from exchange transaction amounting Kshs.17,190,583 that have remained outstanding for more than one year.</p>	This was due to delay in disbursement of capitation by the ministry as well as reduced capitation				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Point to the (Name Resolved)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The validity of the long outstanding payables is doubtful.</p> <p>The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kabete National Polytechnic Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>					

Principal
KABETE NATIONAL POLYTECHNIC
P.O. Box 29012 - 00625
NAIROBI

Patrick W. Muchemi
PRINCIPAL

27/8/2025
DATE

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Appendix II: Reporting of Climate Relevant Expenditures

Name of the Organization: Kabete National Polytechnic

Telephone Number: 0790 000 001, 0790 000 022

Email Address: info@kabetepoly.ac.ke

Name of CEO/MD/Head: Patrick W. Muchemi

Name and contact details of contact person (in case of any clarifications) MM Ndung'u - 0728 223 618

	Project Name	Project Description	Project Objectives	Project Activities	Reporting Quarters				Source of Funds	Implementing Partners
					Q1	Q2	Q3	Q4		
1.	Tree planting	Planting 500 indigenous trees at Ruiru TVC	To assist the surrounding community to improve the environmental conservation	Using seedlings from SNP tree nursery to donate to the neighbouring mission hospital					Internal funds	• Equity Bank
2.	Student Centre	Fixing 50 benches and beautification	To create a conducive environment for student use during free time	Land scaping and fixing of benches and shades to be used by students during their free time					Internal funds	Internal

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Appendix III: Disaster Expenditure Reporting Template

Year: 2021/2022 Financial Year						
Name of Institution: KABETE NATIONAL POLYTECHNIC						
Name of reporting officer: Patrick W. Muchemi						
Contact details of the reporting officer:					Telephone:	
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme.	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Health care	Diseases surveillance.	Natural epidemics	Provision of healthcare and awareness to both staff and students	Medical Expenses	3,514,252	In progress
	Provision for PPE's for staff	Natural epidemics	Provision of personal protective equipment's e.g gloves, masks, goggle and safety boots.	Staff Cost	640,000	In progress
Environmental	Environmental degradation.	Climatological	Training of staff on effects of Environmental degradation	Staff Cost	422,400	Good progress
Safety	Emergency First Aid supplies.	Geophysical/ Fires.	Provision of fire extinguishers Provision of flood lights and extra batteries	Administration Cost	150,000	Good progress