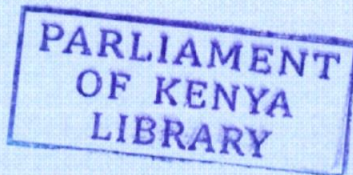


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



*Paper laid by the
Leader of the Major
Party, Hon. Aden
Dale, MP on
27/08/2015
1515 hrs*

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ELDOR ET POLYTECHNIC**

**FOR THE YEAR ENDED
30 JUNE 2013**





ELDORET POLYTECHNIC

AUDITED FINANCIAL STATEMENT

FOR THE PERIOD ENDED

30th JUNE, 2013





TABLE OF CONTENTS

NO.	ITEM	PAGE NO.
1.	Corporate Information	2 – 3
2.	Officers of the Polytechnic and Governing Council	4 – 5
3.	Polytechnic Management	6
4.	Report of Chairman of the Polytechnic Governing Council	7 – 8
5.	Principal's report	9 – 10
6.	Governing Council Members Responsibility	11
7.	Statement of Comprehensive Income for the period 30 June 2013	12
8.	Statement of Financial Position as at 30 June 2013	13
9.	Statement of Changes in Net Assets for the period 30 June 2013	14
10.	Statement of Cash Flow for the period 30 June 2013	15
11.	Notes to the Financial Statements	16-24

CORPORATE INFORMATION

ESTABLISHMENT

Legal Status

Eldoret Polytechnic was established as per the legal notice No. 120 in the Kenya Gazette Supplement No. 30 dated 8TH May 1987 under the Education Act(Cap. 211) conferring the Minister then to make an order establishing the Board of Governors of Eldoret Polytechnic referred as-THE EDUCATION(BOARD OF GOVERNORS) (ELDORET POLYTECHNIC), ORDER, 1987.

Registered Office

The registered office of the institution is at Eldoret Polytechnic. It is situated 5 kilometers from Eldoret Town along the Eldoret – Kisumu Road.

Address

Eldoret Polytechnic
P.O Box 4461-30100
ELDORET

Bankers

1. National Bank of Kenya Ltd-Eldoret Branch.
2. Co-operative Bank of Kenya Ltd-Eldoret Branch.

Independent Auditors

Auditor General,
Kenya National Audit Office,
P. O. Box 30084-00100,
Nairobi.

VISION

To be a centre of excellence in technical advancement.

MISSION

To produce human capital through innovative training for a dynamic economy.

CORE VALUES

At Eldoret Polytechnic, we are committed to:

- 1) Integrity;
- 2) Team work;
- 3) Commitment;
- 4) Creativity and Innovation; and
- 5) Health and Safety.

OBJECTIVES AND FUNCTIONS

- 1) To restructure the Governing organs including BOG and management committee to be compatible with a degree awarding institution with appropriate industrial cluster;
- 2) To establish and maintain effective and strategic leadership that is able to formulate policies and monitor the achievement of institutional vision , mission and objectives;
- 3) To establish and encourage democratic governance and management of the institution;
- 4) To promote and adopt principle of good corporate governance and achieve high quality of work, image and culture to ISO 9001 standards;
- 5) To strengthen guidance and counseling and public relations office;
- 6) To attract and retain highly qualified competent and motivated human resource for the institution ;
- 7) To develop human resource capacity and capability that is able to provide an excellent service delivery in teaching and research for the institution;
- 8) To develop and upgrade teaching/learning facilities and equipment up-to the required international standards;
- 9) To develop quality ICT infrastructure for learning, research, effective and efficient institutional management information systems;
- 10) To develop high quality academic and research programs that are market driven so as to contribute towards training of competent innovative graduates;
- 11) To restructure and broaden resource base of the growing institution by diversifying sources and improving the resource management system;
- 12) To harmonize admission criteria to meet Quality assurance standards; and
- 13) To promote and establish collaboration, linkages and networking with other organizations and institutions.

QUALITY ASSURANCE STATEMENT

Eldoret Polytechnic is committed to providing quality education and services that meet the needs of its customers and other stakeholders through quality and relevant teaching, research consultancy and outreach.

OFFICERS OF THE POLYTECHNIC

CHAIRPERSON OF GOVERNING COUNCIL

Amb. Samson K. Chemai
MSc(MOD) USIU

PRINCIPAL

Mr. Josphat K. Sawe
Dip(Ed), B.Ed(Hons),M.ED(ADMIN)

DEPUTY PRINCIPAL

Mr. Reuben K. Kosgei
Dip. (Tech. Ed), B.Ed(Tech),M.Ed(Moi)

REGISTRAR

Mr. Isaack Kipkoech Kilach
B.Ed(Maths)

DEAN OF STUDENTS

MR. Josphat Kipkemboi
B.Ed, M.Phil(Moi)

FINANCE OFFICER

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

MEMBERS OF POLYTECHNIC GOVERNING COUNCIL

CHAIRMAN.....Amb. Samson K. Chemai,

GOVERNING COUNCIL SECRETARY.....MR. Josphat K. Sawe

MEMBERS

Mr. Adams S. Barasa

Dr. Abdul K. Faraj

Mrs. Elizabeth A.O. Nyawade

Mr. Philip K. Varghese

Rev. Samson Samoei

M/s Damaris Chichir

Mr. Willy Kipkorir Bett

Eng. Edward A. Musebe

Mr. Tek Bore

Mr. David Korir

Dr. Tirong Arap Tanui

Dr. Z.T. Kamuren

Mrs. Maryjuster C. Mitei

Mr. Moses M. Wanjara

Mr. N.K. Gakungu



**THE POLYTECHNIC TOP MANAGEMENT
PRINCIPAL**

Mr. Josphat K. Sawe
Dip(Ed), B.Ed(Hons),M.Ed(ADMIN)

DEPUTY PRINCIPAL

Mr. Reuben K. Kosgei
Dip. (Tech. Ed), B.Ed(Tech),M.Ed(Moi)

REGISTRAR

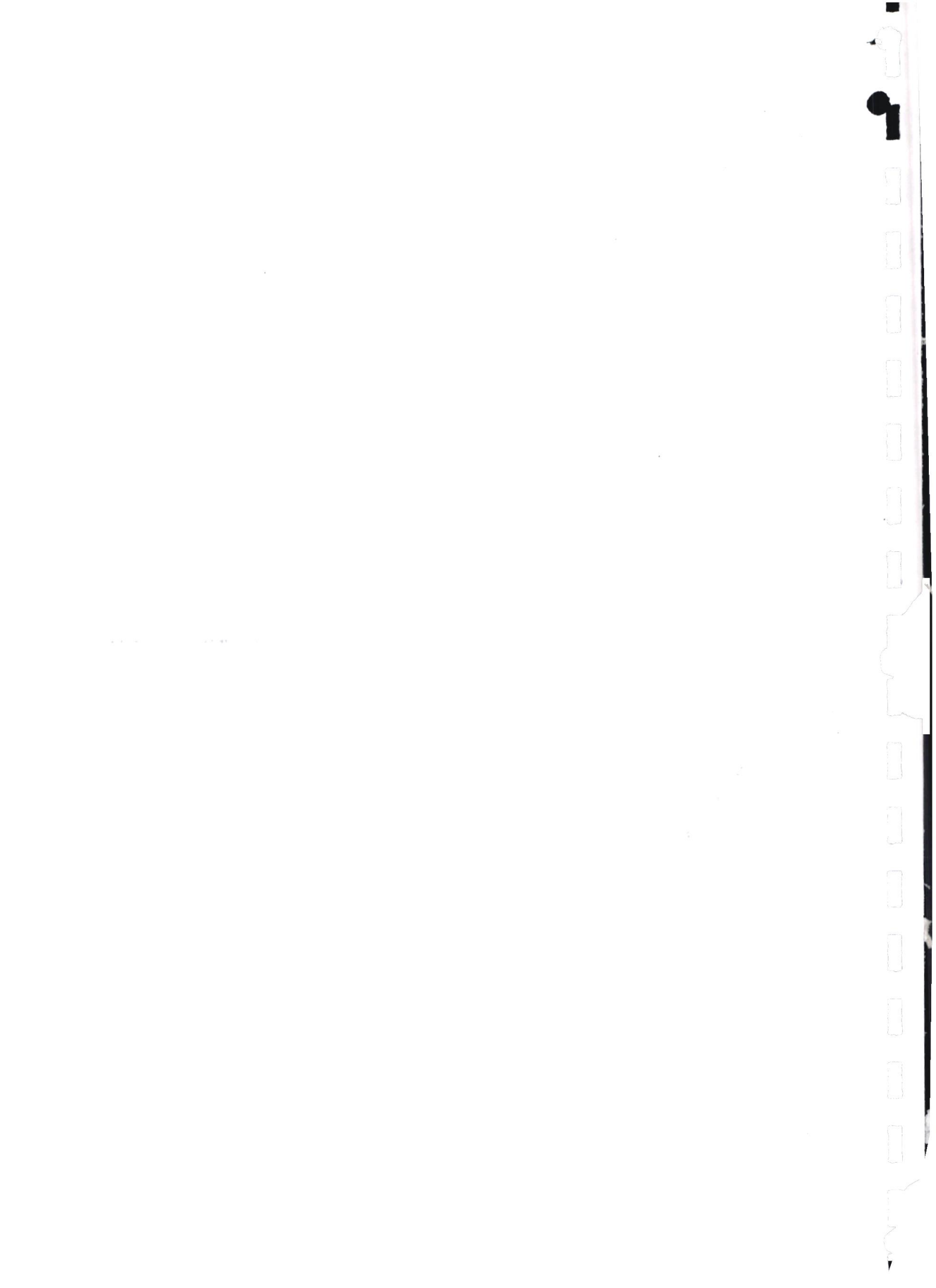
Mr. Isaack Kipkoech Kilach
B.Ed(Maths)

DEAN OF STUDENTS

MR. Josphat Kipkemboi
B.Ed,M.Phil(Moi)

FINANCE OFFICER

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



REPORT OF THE CHAIRMAN

I am delighted to present this financial report for the year ended 30th June, 2013.

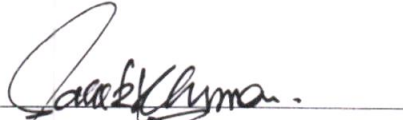
As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the vision of the institution of being a centre of excellence in technological advancement may be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial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

Indeed, the Polytechnic's anticipated transition into a technical University has come at an opportune time when the demand for higher education in this country is way above the existing placement opportunities. It is evident that the number of students qualifying to join Universities has been increasing tremendously in recent years mainly because of the free primary education and the highly subsidized secondary school education programs introduced by the Government during the last decade in order to expand basic education opportunities to all Kenyan children.

The increasing demand for higher education by the Kenyan people requires the Polytechnic to expand and improve the entire requisite infrastructure in order to cater for the growth in student and staff population. Bearing this in mind, the Polytechnic would continue to appeal to the Government, the donors, stakeholders and other well wishers for support towards the realization of these aspirations.

I take this opportunity once again to thank the Government for the support extended to the Polytechnic during the year under review. I also appreciate our sponsors and other stakeholders who chose to partner with us in different ways during this year. The unwavering support, patience and understanding exhibited by our staff and students during times of challenges along the way are highly appreciated by the Governing Council. Similarly the immense contributions and support I received from the previous members of Council is invaluable and highly appreciated.

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



Amb. Samson K. Chemai

DATE: 19/05/2015

CHAIRMAN OF THE GOVERNING COUNCIL



PRINCIPAL REPORT

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

With the guidance of the Governing Council, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership, the Polytechnic Governing Council was also in the forefront in ensuring that financial resources are utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Polytechnic nevertheless continued to discharge its mandate of teaching, research and outreach successfully which included the signing of a memorandum of understanding in the year 2012 to collaborate with the University of Illinois in the state of Illinois, U.S.A which was consummated by my visit to the same University together with the Head of Department for Research and Development in April 2013.

The main source of funding to the Polytechnic during this period under review was the Exchequer with a contribution of a total of Kshs.100 million for recurrent expenditure purposes. Internally generated revenue from Fees was Kshn.134,945,042. In the Financial year under review was another major source of funding. In a nutshell, the Polytechnic realized an aggregate sum of Kshs.237,821,520 in revenue during the year. The recurrent expenditure stood at Kshs.229,286,640, the Polytechnic closed the year with a surplus of Kshs.8,534,880

Under the Capital development Exchequer allocations, the Polytechnic received a total of Kshs 175,380,000 for physical and infrastructure development during the year. The amount was expended in construction of the on-going Capital projects namely; Institutional, Hospitality and Consumer Science Lab project, Kitchen Annex, Science Lab and Renovation of existing Buildings. I wish to report that construction works on these projects progressed well during the year and that all of them are expected to be completed in the 2013/2014 financial year.

Eldoret Polytechnic being a National institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Polytechnic requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a Technical University in terms of funding, material support and other



contributions. We shall continue to appeal for such support for several years to come.

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

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



Mr. Josphat K. Sawe
PRINCIPAL



Date



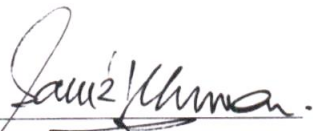
GOVERNING COUNCIL'S RESPONSIBILITIES

The Governing Council is required to prepare financial statements for each financial year which give a true and fair view of the financial affairs of the Polytechnic as at the end of the financial year and of its surplus or deficit for that year. Council is also required to ensure that the Polytechnic maintains proper books of accounts and accounting records which disclose, with reasonable accuracy, the financial position of the Polytechnic.


The Governing Council accepts the responsibility for these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Exchequer and Audit Act, 2003.

The Governing Council is of the opinion that the financial statements so prepared give a true and fair view of the state of the financial position of the Polytechnic as at 30th June 2013 and of its surplus for the year then ended. The Governing Council further accepts responsibility for the maintenance of proper accounting records that may be relied on in the preparation of the financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Governing Council to indicate that the polytechnic will not remain a going concern for at least the next period of 12 months from the date of this statement.

Signed: 
Amb. Samson K. Chemai
CHAIRMAN OF THE GOVERNING COUNCIL

DATE: 18/05/2015

Signed: 
MR. Josphat K. Sawe
PRINCIPAL

DATE: 18/5/2015

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ELDORET POLYTECHNIC FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Eldoret Polytechnic set out on pages 12 to 27, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Polytechnic's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Procurement of Management Information System(MIS)

Excluded from the non-current assets balance of Kshs.1,174,755,788 is an amount of Kshs.9,970,000 being cost of Management Information system(MIS) facility procured in June 2010 from a Nairobi based consultant. The consultant was on 24 June 2010 issued with an LPO No. L41919 for the supply, installation and commissioning of MIS and was subsequently paid a down payment of Kshs.6,010,000. According to available records, the system was to have eleven (11) modules comprising of: Students module, Exam module, Human Resource Module, Finance Module, Hostel, Library, Stores, Hotel, Planning, Dispensary and Farm Module. However, the tender documents including, tender evaluation minutes and contract agreement were not provided for audit review. It was also not possible to establish how the consultant was identified and awarded the contract. This is contrary to Section 29 of the Public Procurement and Disposal Act, 2005 which requires the entity to use open tendering for works and services with expenditure above Kshs.4,000,000 and Kshs.2,000,000 respectively. It appears that the procurement was single-sourced contrary to the law. Further, in absence of the contract document the validity of the contract agreement could not be ascertained.

Also, available information showed that the consultant had been paid a total of Kshs.6,010,000 or 60% of the total sum of Kshs.9,970,000 although the payment vouchers were not provided for audit review. No evidence was provided including certificate of work done and commissioning of the system to justify the payment contrary to Government Financial Regulation and Procedures. A review of the operations of the College revealed that no system was installed and manual system is still in use. In the circumstances, the propriety of the payment of Kshs.6,010,000 could not be ascertained at the time of this audit.

Further, according to records availed for audit review, the consultant has sued the College under Civil Case No. 362 of 2013 for non-payment of the balance on the contract sum amounting to Kshs.3,960,000. The determination of the case is still pending in Court. However, no provision was made in these financial statements for the liability that may arise in case the Court rules in favour of the consultant.

Under the circumstances, it has not been possible to ascertain the validity and the completeness of non-current assets balance of Kshs.1,174,755,788 as at 30 June 2013.

2. Trade and Other Receivables

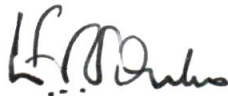
The trade and other receivables account reflect a balance of Kshs.77,005,777 as at 30 June 2013. However, the balance is at variance with the supporting schedule of Kshs.77,950,682 resulting to unreconciled or explained variance of Kshs.944,905. Further, the student's debtors balance of Kshs.49,198,465 was not supported with a detailed schedule and age analysis. Also house rent balance of Kshs.2,400,900 was

not supported with tenancy agreement and the balance continue to accumulate due to lack of an enforceable agreement. In addition, outstanding imprests account balance of Kshs.6,338,030 relates to payments made in the period July to December 2012 for various purposes. No reason was provided for failure to recover the imprest from the officers or account for the imprest within the stipulated time of 48 hours after completion of the assignment contrary to Section 5.5.4 of the Government Financial Regulations and Procedures.

Under the circumstance, it has not been possible to confirm the completeness and valuation of trade and other receivables balance of Kshs.77,005,777 as at 30 June 2013.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Eldoret Polytechnic as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Technical and Vocational Education and Training Act, 2013.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

3 June 2015

APPENDIX I

ELDORET POLYTECHNIC
 IMPREST OUTSTANDING AS AT 30 JUNE 2013

No.	Date	Name	Cheque No.	Purpose	Amount (Kshs)
1.	23/7/2012	Rosebella Chukwu	8030	Graduation	309,848
2.	23/7/2012	Benson Kioko	8019	Graduation	41,400
3.	20/7/2012	Anne Kiplimo	8017	Graduation	91,000
4.	20/7/2012	Emmanuel Meres	8016	Graduation	42,000
5.	20/7/2012	Josephat Kipkemboi	8015	Graduation	56,000
6.	1/12/2012	Jacob Kotut	8310/11	Advertisement	450,000
7.	1/12/2012	Samwel Ouma	Petty Cash	TIVET	5,642
8.	1/12/2012	Cheruiyot Chirchir	8438	TIVET	600,000
9.	1/12/2012	John Gitau	8446/48/49	Drama Festival	489,200
10.	25/8/2012	Benjamin Maiyo	8608	KETISA	884,800
11.	25/8/2012	Kennedy Mutai	8659	ICT Baseline	81,000
12.	21/8/2012	Kennedy Mutai	9757	Soi Analysis	104,500
13.	21/8/2012	John Gitau	9728/29	Music Festival	1,107,000
14.	24/7/2012	Benjamin Maiyo	9704	KETISA	1,485,360
15.	24/7/2012	Kennedy Munyole	9696	Graduation	93,680
16.	23/7/2012	Charles Keton	9685	Graduation	329,600
17.	23/7/2012	Isaac Kilach	9684	Graduation	167,000
		Total			6,338,030

*ELDORET POLYTECHNIC ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2013*

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2013**

		2013	2012
	NOTE	Kshs.	Kshs.
INCOME			
Exchequer grants	10	100,000,000	90,000,000
Tuition fees & other incomes	11	134,945,042	213,519,501
IGU (Farm Income)	12	2,876,478	3,251,674
		<u>237,821,520</u>	<u>306,771,175</u>
EXPENDITURE			
		Kshs.	Kshs.
Employment Expenses	13	83,997,385	116,565,299
Administration and Central services	14	114,918,990	164,077,999
Board Expenses	15	2,099,210	3,309,311
Marketing Expenses	16	2,521,409	16,094,742
Finance Expenses	17	1,483,723	1,715,978
provision for Audit fees	9(a)	500,000	0
provision for Depreciation	9(b)	23,765,193	0
TOTAL EXPENDITURE		<u>229,286,640</u>	<u>301,763,331</u>
DEFICIT / SURPLUS FOR THE YEAR		<u>8,534,880</u>	<u>5,007,844</u>

THE ELDORET POLYTECHNIC ANNUAL REPORT AND FINANCIAL

FOR THE YEAR ENDING 30TH JUNE 2013

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	NOTE	2013 Kshs.	2,012 Kshs.
ASSETS			
NON- CURRENT ASSETS			
Property, Plant and Equipment	1	1,168,300,938	-
Biological Assets	2	6,454,850	-
		1,174,755,788	
CURRENT ASSETS			
Inventory and stores	3	20,348,486	-
Trade and other receivables	4	77,005,777	114,598,539.62
Cash and Bank Balances	5	54,592,820	13,686,182.46
		151,947,083	128,284,722.08
TOTAL ASSETS		1,326,702,871	128,284,722.08
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves	6	1,205,324,457	50,786,727.46
		1,205,324,457	50,786,727.46
CURRENT LIABILITIES			
Trade and other payables	7	119,559,213	69,139,335.57
Bank Overdraft- NBK	8	1,319,201	8,358,659.05
Provision for audit fees	9(a)	500,000	-
		121,378,414	77,497,994.62
		1,326,702,871	128,284,722.08

For and on behalf of:


 Chairman Governing Council

~~Amb. Samson Chemani~~


 Principal/Secretary Governing Council

Josephat Sawe


 Finance Officer

Richard Kibor Sang CPA(K),CPS(K)

ELDORET POLYTECHNIC ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2013

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2013

	Revenue	Revaluation	GOK Grants	
	<u>Reserves</u>	<u>Reserves</u>	<u>Exchequer</u>	<u>Total</u>
	Kshs	Kshs		Kshs
Balance at 1.7.2012	50,786,727	-	-	50,786,727
Profit for the year	8,534,880	-	-	8,534,880
Exchequer (Development grants)			175,380,000	175,380,000
Revaluation of Biological assets		6,454,850		6,454,850
Revaluation Reserve	-	964,168,000	-	964,168,000
BALANCE AT 30.06.2013	59,321,607	970,622,850	175,380,000	1,205,324,457

**ELDORET POLYTECHNIC ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2013**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2013

2013

Kshs

CASH FLOWS FROM OPERATING ACTIVITIES

Surplus/Deficit for the year	8,534,880
Prior year adjustments	(242,542)
Adjustments for :-	
Depreciation	23,765,193
	<u>32,057,530</u>

CHANGES IN WORKING CAPITAL

Changes in Inventories	-	20,348,486.00
Changes in Accounts Receivable		37,592,762.71
Changes in Accounts Payable		50,419,877.14
		<u>67,664,154</u>
Net Inflows/Outflows from Operating Activities		67,664,154

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Non-currents assets		<u>(227,898,131)</u>
Net cash flows from investing activities		(227,898,131)

CASH FLOWS FROM FINANCING ACTIVITIES

Government Development Grants		175,380,000
Net cash flows from financing activities		175,380,000

Net increase in cash and cash equivalents **47,203,553.32**

Cash and cash equivalents at the beginning of the year 14,428,725

Bank overdraft (8,358,659)

Cash and cash equivalents at the end of the year: **53,273,619**

NOTE 1

	Land	Buildings	W.L.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate		2%		12.50%	33.30%	12.50%	25%	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
As at 1st July, 2012	520,000,000.00	371,780,000.00	-	39,230,000	8,271,000	13,887,000	11,000,000	964,168,000
Additions	-	0	215,096,973	-	12,430,673	370,485	-	227,898,131
Transfer to Buildings	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 30 June, 2013	520,000,000	371,780,000	215,096,973	39,230,000	20,701,673	14,257,485	11,000,000	1,192,066,131
DEPRECIATION								
Bal as at 1 July, 2012	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Change for the year	-	7,435,600	-	4,913,750	6,893,657	1,782,186	2,750,000	23,765,193
Bal as at 30 June, 2013	-	7,435,600	-	4,913,750	6,893,657	1,782,186	2,750,000	23,765,193
NET BOOK VALUE								
As at 30 June, 2013	520,000,000	364,344,400	215,096,973	34,326,250	13,808,016	12,475,299	8,250,000	1,168,300,938
As at 30 June, 2012	520,000,000	371,780,000	-	39,230,000	8,271,000	13,887,000	11,000,000	964,168,000

All the asset were revalued by Afriland Valuers Ltd and Motor Vehicles were revalued by Association Of Automobile of Kenya On the basis of market Value for existing use

**ELDORET POLYTECHNIC ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2013**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and form of presentation

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are prepared on the historical cost basis of accounting modified by the revaluation of certain assets. The financial statements are presented in Kenya Shillings (Kshs).

(b) Revenue recognition

Income from students is recognized as it accrues. Interest income on deposits/investments is accrued on a time proportion basis while Exchequer grants and other grants from the government are recognized as income in the period in which they relate.

(c) Fixed assets and depreciation

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

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

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

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

(d) **Biological Assets**

As at 30th June 2013, the Polytechnic had several biological assets which included cattle (livestock), pigs, maize and wheat among others.

(e) **Stocks**

Stocks are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of operations, including direct material costs, labour and production overheads wherever necessary. Net realizable value is the price at which the stock can be realized in the normal course of operations after allowing for the costs of realization and where appropriate the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow moving and defective stocks.

(f) **Retirement Benefit Costs**

The Polytechnic does not operate a separate pension scheme .

The Polytechnic only contributes statutory contributions to the National Social Security Fund. (NSSF). Contribution rates are determined by local statutes. The Polytechnic's contributions to the above Fund are charged to the income and expenditure account in the year to which they relate.

(g) **Bad and doubtful debts**

No Specific provision has been made for all debts as noted in (k) below.

(h) **Provisions**

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

(i) **Research and Development Costs**

Research and development expenditure is charged to the Income and Expenditure Account in the year in which it is incurred.

(j) **Cash and Cash Equivalent**

Cash and cash equivalents are defined as cash in hand, bank balances, demand deposits, short term deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances.

(k) **Trade and Other Receivables**

Trade and other receivables are stated at their nominal values. No allowances for the provision for estimated doubtful debts was adjusted as the matter is still deliberated on by the Governing Council.

(l) **Trade and Other Payables**

Trade and other payables are stated at their nominal value.

(m) **Government Grants**

Government grants are recognized when there is reasonable assurance that the University will comply with conditions attached to them and that the grants will be received. The grants are recognized as income in the period to which they relate and presented as a credit in the Income and Expenditure Account separately.

2. SIGNIFICANT ACCOUNTING NOTES ARE FROM NOTE NO.2 TO 18

Note No.2. FAIR VALUES FOR BIOLOGICAL ASSETS

	2013 Kshs.	2012 Kshs.
Maize in Field	1,200,000	-
Sunflowers in Field	40,000	-
Maize in store	337,500	-
Vegetables	90,000	-
Sheep	673,000	-
Dairy livestock	2,776,000	-
Pigs	1,232,000	-
Poultry	106,350	-
TOTAL	6,454,850	-

Note No.3. INVENTORIES AND STORES

	2013 Kshs.	2012 Kshs.
Printing department	179,000	-
Security office	16,924	-
Town campus stores	55,100	-
Chemical Lab	6,129,237	-
Maintenance section	601,820	-
Catering store	2,145,872	-
Library	505,140	-
Ground section	496,082	-
Farm unit	4,233,701	-
Clinic Unit	822,764	-
Central Stores	1,348,520	-
ILO	6,705	-
Dean's Office	91,990	-
Hostel Section	3,201,739	-
Applied Science	86,697	-
Guiding Counseling	66,175	-
Principal's Office	361,020	-
TOTAL	20,348,486	-

Note No.4. TRADE AND OTHER RECEIVABLES

	2013 Kshs.	2012 Kshs.
Amounts falling due within one year:-		
i) Students debtors	49,198,465	71,982,444
ii) House Rent debtors	2,400,940	-
iii) Staff P.U Advances	18,695,642	14,144,942
iv) Staff salary advances	372,700	-
v) Staff Imprests	6,338,030	-
vi) EPSU	944,905	2,572,352
vii) Development Fund	-	20,247,331
viii) Medical fund	-	2,353,708
ix) Examination fund	-	337,768
x) Sports	-	664,373
Xi) Farm	-	2,295,623
TOTAL	77,005,777	114,598,540



NoteNo.5. CASH AND BANK BALANCES	2013 Kshs.	2012 Kshs.
Cash on Hand	458,130	899,350
NBK-01021027668102(P.U)	5,013,825	-
NBK-01021027668103(Farm)	988,204	-
NBK-01021027668104	54,457	63,458
NBK-01021027668105(Develop.)	24,633,651	9,038,600
NBK-01021027668106(Develop.)	8,655	4,003,272
NBK-01021027668100 (Savings)	16,033,214	424,045
COOP-01129441884400	7,402,685	-
TOTAL	<u>54,592,820</u>	<u>14,428,724</u>

NoteNo.6. CHANGES IN NET ASSETS	2013 Kshs.	2012 Kshs.
Revaluation Reserve	970,622,850	-
Revenue Reserve	59,321,607	-
GOK Exchequer Grants	175,380,000	-
Accumulated fund b/f	-	45,778,883
Surplus for the year	-----	<u>5,007,844</u>
TOTAL	<u>1,205,324,457</u>	<u>50,786,727</u>

These reserves represents the adjusted value of donated assets and capital receipts from the exchequer

NoteNo.7. TRADE AND OTHER PAYABLES

Amounts falling due within one year:-

	2013 Kshs.	2012 Kshs.
Trade Creditors	87,252,837	49,570,836
Caution Money	-	-
Part Time Lecturers	17,351,042	19,080,712
Caution Money	864,680	487,787
Accrued Statutory & Other deductions	-	-
Prepaid Fees	2,229,066	-
<u>Un-receipted effects:</u>		
College fund a/c no. 01021017668101	542,385	-
Production Unit a/c no. 01021017668102	6,819,028	-
Co-op a/c no. 01129441884400	637,480	-
CDF Bursaries	3,862,695	-
TOTAL	119,559,213	69,139,336

NoteNo.8. BANK OVERDRAFTS

	2013 Kshs.	2012 Kshs.
College Fund A/C-NBK-01021027668101	1,319,201	7,616,117
Production Unit a/c no. 01021017668102	-	742,542
TOTAL	1,319,201	8,358,659



NoteNo.9(a). PROVISION FOR AUDIT FEES	2013 Kshs.	2012 Kshs.
Provision for audit fees	<u>500,000</u>	-
NoteNo.9(b). PROVISION FOR DEPRECIATION	Kshs.	Kshs.
Charge for the year	<u>23,765,193</u>	-
NoteNo.10. EXCHEQUER GRANTS (RECURRENT)	2013 Kshs.	2012 Kshs.
September	25,000,000	22,500,000
November	25,000,000	22,500,000
February	25,000,000	22,500,000
May	<u>25,000,000</u>	<u>22,500,000</u>
TOTAL	<u><u>100,000,000</u></u>	<u><u>90,000,000</u></u>

Note No.11. TUITION INCOME	2013 Kshs.	2012 Kshs.
Tuition from all departments	83,863,580	159,057,157
Application fees	2,717,486	1,906,910
Attachment fees	4,153,345	2,456,884
Registration fees	2,730,275	5,007,917
Maintenance	7,594,910	8,279,806
Electricity & Water	3,212,811	4,139,290
Local Travel & Transport	4,979,626	5,673,901
Library levy	775,760	887,198
Internet Levy	1,826,345	2,278,590
Hostel & Catering	8,437,442	7,818,837
	0	
Tender fees and other misc. incomes	601,660	702,910
Medical fees	7,346,814	7,961,198
Personal Emoluments	<u>6,704,988</u>	<u>7,348,903</u>
TOTAL	<u><u>134,945,042</u></u>	<u><u>213,519,501</u></u>



112 1000

112 1000

112 1000

Note No.12. IGU INCOME	2013 Kshs.	2014 Kshs.
Staff Quarters House Rents	1,137,080	1,758,470
Farm	1,739,398	1,493,204
TOTAL	<u>2,876,478</u>	<u>3,251,674</u>

Note No.13. EMPLOYMENT EXPENSES	Kshs	Kshs
Personal Emoluments	62,525,688	55,892,193
Other Allowances	2,675,402	3,066,300
NHIF Penalty	180,975	-
Town campus salaries	13,298,380	16,569,705
Part time cources	-	34,832,276
Part Time Claims	5,316,940	6,204,826
TOTAL	<u>83,997,385</u>	<u>116,565,299</u>

**Note No.14. ADMINISTRATION AND CENTRAL SERVICES
EXPENSES**

2013 **2012**

	Kshs	Kshs
Medical Expenses	3,003,266	3,590,213
Traveling, Transport & Accommodation Expenses	21,117,020	22,599,935
Telephone Expenses	561,576	1,048,762
Electricity, Water & Conservancy	10,079,613	11,481,172
Graduation Expenses	3,770,698	4,718,836
Repairs & Maintenance Expenses	4,980,834	12,930,685
Insurance Expenses	2,211,846	2,805,500
Sports	11,710,661	7,679,054
Establishment costs	10,445,452	15,683,998
Hostel and Catering Expenses	18,604,465	34,703,450
Attachment Expenses	504,700	1,149,788
Tuition and related Expenses	<u>27,928,850</u>	<u>45,686,607</u>
TOTAL	<u>114,918,990</u>	<u>164,078,000</u>

Note No.15. BOARD EXPENSES

2,013 **2,012**
Kshs **Kshs**

Governing Council Expenses	<u>2,099,940</u>	<u>3,309,311</u>
TOTAL	<u>2,099,940</u>	<u>3,309,311</u>



Note No.16. MARKETING EXPENSES	2,013 Kshs	2,012 Kshs
Advertising & Publicity	<u>2,521,409</u>	<u>16,094,743</u>
	<u>2,521,409</u>	<u>16,094,743</u>
Note No.17. FINANCE EXPENSES	2,013 Kshs	2,012 Kshs
Bank Charges	<u>1,483,723</u>	<u>1,715,978</u>
	<u>1,483,723</u>	<u>1,715,978</u>
Note No.18. EXCHEQUER GRANTS (DEVELOPMENT)	2,013 Kshs.	2,012 Kshs.
August	20,000,000	-
October	50,450,000	-
March	<u>104,930,000</u>	-
TOTAL	<u>175,380,000</u>	<u>219,999,999</u>