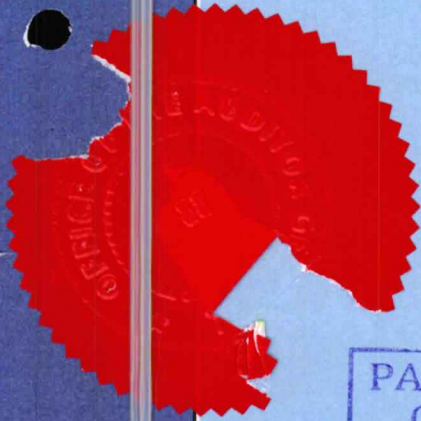
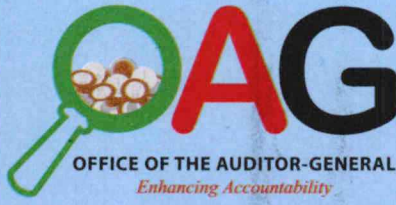



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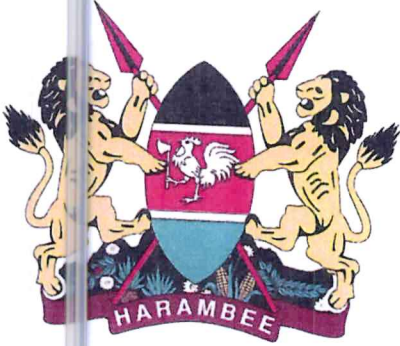
OF

THE AUDITOR-GENERAL

ON

KIAMBU NATIONAL POLYTECHNIC

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



THE KIAMBU NATIONAL POLYTECHNIC (KINAP)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**THE KIAMBU NATIONAL POLYTECHNIC
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1. Acronyms & Definition of Key Terms

A. Acronyms

CPA	Certified Public Accountant
CDACC	Curriculum Development, Assessment and Certification Council
CCTV	Closed Circuit Television
GHRIS	Government Human Resource Information System
ICPAK	Institute of Certified Public Accountants of Kenya
IGA	Income Generating Activities
IPSAS	International Public Sector Accounting Standards
KINAP	The Kiambu National Polytechnic
KRA	Key Result Area
MoU	Memorandum of Understanding
MOE	Ministry of Education
OSH	Occupational Health and Safety
PC	Performance Contract
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
TVET	Technical and Vocational Education and Training
WIBA	Work Injury Benefits Act

B. Definition of Key Terms

Fiduciary Management-	Key management personnel who have financial responsibility in the entity
Comparative Year -	Means the prior period.

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2. Key Entity Information and Management

(a) Background information

The Kiambu National Polytechnic (KINAP) is one of the colleges in Kenya that has produced thousands of graduates since 1973. KINAP falls under the auspices of the Ministry of Education, State Department of Technical and Vocational Education and Training. It is a registered Institution under the TVET Act 2013 of the Laws of Kenya to offer Technical and Vocational Education and Training (TVET). It has a Governing Council which is appointed by Ministry of Education in Consultation with the stakeholders to oversee the day-to-day running of the Polytechnic.

(b) Principal Activities

The principal activity/mission of KINAP is to provide Technical and Vocational Education and Training.

i. Vision

A premier Polytechnic in technical training, research and innovation for global impact

ii. Mission

To develop a competent market responsive and entrepreneurial workforce through quality technical and vocational training

iii. Core Objectives

- To provide access and equity to TVET and higher education
- To improve infrastructure
- To enhance customer satisfaction
- To ensure prudent management of resources
- To promote Research, Development and Innovations in KINAP
- Uphold institutional Governance

(c) Key Management

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

- The Governing Council
- Accounting officer/ Chief Principal
- Management

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(d) Fiduciary Management

The key management personnel who held office during the period ended 30th June 2025 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Chief Principal	Mr. Sammy K. Waititu
2.	D/ Principal Administration	Dr. Jane M. N. Gitau
3.	D/ Principal Academics	Mr. Isaac Mokaya Nyakundi
4.	Head of Finance	CPA. Mercy M. Nyakundi
5.	Head of Procurement	Ms Roselyn Esaboka
6.	Registrar	Ms. Phena M. Owiye
7.	Dean of Students	Ms. Norah Eileen Nyakira

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Academic and Human Resource Committee:

The Academic and Human Resource Committee monitors the academic performance of the Polytechnic and is mandated to handle human resource issues for both teaching and non-teaching personnel including staff recruitment.

Technical and Finance Committee:

The Technical and Finance Committee is appointed to oversee and monitor on-going projects and report status to the Board and any recommendations for approval and implementation. The committee monitors financial performance of the Polytechnic.

Risk, Audit and Compliance Committee:

The committee monitors the integrity of the financial statements of the Polytechnic, reviews the Polytechnic's internal financial controls systems and oversees the internal audit function.

Senior Management:

Senior management comprise of Principal, Deputy Principal Administration, Deputy Principal Academics, Registrar and Dean of Students. The senior management is appointed by the principal in consultation with the Board are responsible in the overall running of the Polytechnic.

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Management:

The management report directly to the senior management.

The management comprise of Head of Departments, Deputy Head of Departments, Head of Sections and their deputies. The management is responsible in day to day running of their departments and sections.

(f) The Kiambu National Polytechnic Headquarters

P.O. Box 414 – 00900
Kiambu, KENYA

(g) The Kiambu National Polytechnic Contacts

Telephone:(+254) 727807713
E-mail: principal@kiambupoly.ac.ke
Website: www.kist.ac.ke

(h) The Kiambu National Polytechnic Bankers

1. Cooperative Bank of Kenya Limited
Kiambu Branch
P.O. Box 1064 - 00900
Kiambu
2. KCB Bank Kenya Limited
Kiambu Branch
P.O. Box 81 – 00900
Kiambu
3. Housing Finance Corporation
Rehani house Branch – Koinange Street
P.O. Box 30088-00100
Nairobi

(i) Independent Auditors

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

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Key Entity Information and Management (Continued)

(j) Principal Legal Adviser





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

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3. The Council/Board of Governors

No.	Member	Details
1.	 Mr. Fredrick Kairu Chairperson	DOB: 7 th August 1958 Executive Master in Business Administration Council Chairperson 32 Years experience
2.	 Mr. Samuel Waweru	DOB: 15 th October 1969 MSc. in Computer Based Information System Deputy Director Technical Education. Member Finance & Technical Committee, Risk and Compliance and Academic Committees 25 Years Experience
3.	 Diana Kendi Tarichia	DOB: 2 nd February 1986 MBA in Strategic Management Member Finance & Technical Committee Member Academic & Human Resource Committee 16 Years experience

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4.	 Roselyne Atwori	DOB: 10 th June 1969 Bachelor of Law Member Risk and Audit Committee Member Academic & Human Resource Committee 19 Years experience
5.	 Florence Suji	DOB: 4 th June 1971 Masters in Management & Leadership (MML) Chair Technical and Finance Committee 32 Years experience
6.	 Richard Krop	DOB: 24 th October 1974 Master of Business Administration Chair Academic and Human Resource Committee 20 Years experience
7.	 Mr. Naftali Oyugi	DOB: 1962 Diploma in Mapping (Cartography) Consultant in Property Management & Geospatial Engineering Chair Risk and Audit Committee 36 Years experience

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8.	 Mr Samuel Kamau	DOB:26 th July 1970 Executive Masters of Business Administration (Strategic Management) CPA(K) Member Finance & Technical Committee 31 Years experience
9.	 Mary Mbeke	DOB:3 rd November 1982 Bachelor of Commerce (Finance) CPA(K) Member Finance & Technical Committee
10.	 Mr. Sammy K. Waititu	DOB: 6 th December 1966 Chief Executive Officer/ Principal BBA, Diploma in Technical Education, CPA(K) 27 years in training 9 years in top management Secretary to the Council

**THE KIAMBU NATIONAL POLYTECHNIC
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4. Key Management Team

No.	Member/ Director	Details
1. Mr. Sammy K. Waititu		Chief Executive Officer/ Chief Principal
2. Dr. Jane Gitau		Deputy Principal Planning, Administration & Finance
3. Isaac Nyakundi		Deputy Principal Academics & Quality Assurance

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4. Phena Owiye	 A portrait of a woman with long braided hair, wearing glasses and a red top.	Registrar
5. Norah Nyakira	 A portrait of a woman with short hair, wearing a red scarf and a dark jacket.	Dean of Students
6. CPA. Mercy Nyakundi	 A portrait of a woman with braided hair, wearing a dark blazer over a white top.	Finance Officer

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OTHER MANAGEMENT TEAM (Continued)

S/No.	Name of the Staff	Responsibility
1.	Ms. Phena Mate Owiye	Registrar
2.	Ms. Norah Eileen Nyakira	Dean of Students
3.	Dr. Virginia W. Nyagah	Guidance and Counselling Coordinator
4.	CPA. Mercy M. Nyakundi	Finance Officer
5.	CPA. Bedan M. Mwangi	Internal Auditor
6.	Ms. Jeniffer Nyambura Mugo	Performance Contract and Strategic Plan Coordinator
7.	Ms. Anne Macharia	ISO Certification Management Representative
8.	Ms. Eunice Ndiga Ireri	HoD Hospitality, Fashion and Cosmetology
9.	Ms. Ann Mwongeli Maweu	HoD Applied Science Department
10.	Ms. Naomi Kihara	HoD Building and Civil Engineering Department
11.	Mr. David Baiya Mwathi	HoD Computer Studies Department
12.	Mr. Samuel Mulandi Matheka	HoD Electrical and Electronics Department
13.	Ms. Esther Nyambura Muthini	HoD Business, Entrepreneur and Social Studies Department
14.	Ms. AnnMary Kamundi	Human Resource Officer
15.	Ms. Roselyn Esaboka	Supply Chain Officer
16.	Ms. Christine Muketha	Industrial attachment coordinator
17.	Mr Josephat Kariuki	HoD Career Services
18.	Mr. Peter Kirui	Research and Innovations Coordinator
19.	Mr. Simon Mbui	HoD Mechanical, Mechatronics and Automotive Engineering
20.	Mr. Githara Chuchu	HoD Sports
21.	Mr. Timothy Warari	HoD Environmental and Safety Affairs
22.	Dr. Racheal Nyamu	HoD Enterprise Services

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5. Chairman's Statement

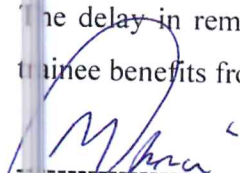
The financial year 2024/2025 was a success. The students' population stood at 9,843 with the Building Technology department having the highest number of students being 2,060. This has contributed to growth in financial status of the Polytechnic hence it was able to meet its financial obligations as they fell due and at the close of the year on 30th June 2025. The Polytechnic managed to pay its staff on time and also managed to pay its suppliers within the agreed time period. The Polytechnic thus was able to comply with legal requirements in filing and remitting statutory payments.

The Polytechnic managed to report a surplus of Kshs. 195.3 Million, despite students' fees arrears being at KShs. 214.4 Million.

The Polytechnic completed the construction of Library and ICT resource Centre Phase IV, Perimeter Wall phase III. The projects were financed from the Polytechnic's internal savings.

One of the major milestones this year has been the successful transition to the Competency Based Education Training Curriculum (CBET) and modularized training. This transition was to ensure that the courses offered remain relevant and aligned with the demands of the modern workforce. The Polytechnic has prioritized training staff with the necessary skills and resources. Tools and equipment the various academic departments were also purchased. This ongoing process is expected to enhance the learning outcomes of our students and better prepare them for the competitive job market.

The delay in remittance of capitation from the government and reduction in the amount each trainee benefits from is a challenge to the institution causing a rise in student debtors.


Chairman, Governing Council

Date 24/10/2025

**THE KIAMBU NATIONAL POLYTECHNIC
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6. Report of the Chief Principal

The year 2024/2025 is our seventh year to report under International Public Sector Accounting Standards (IPSAS) Annual Financial Reporting.

The Polytechnic has experienced major growth in terms of students' enrolment and recruitment of trainers by the Public Service Commission (PSC) in consultation with the Governing Council. The staff population stood at 99 support staff, 141 BOG trainers, 11 interns and 161 PSC trainers.

At the close of the year the students' population was 9,843 with the Building Technology department having the highest number of students being 2,060. This has contributed to growth in financial status and the Polytechnic was able to meet its financial obligations as they fall due. The Polytechnic managed to pay its staff on time and also managed to pay its suppliers within the agreed time period. The Polytechnic thus was able to comply with legal requirements in filing and remitting statutory payments.

The Polytechnic has continued to demonstrate academic excellence, as reflected in our growing student population and exam pass rates. The overall average national exam pass rate is 77 % which is a testament to the hard work and dedication of both our students and staff.

The Polytechnic managed to make a surplus of Kshs. 195.3 Million, despite students' fees arrears balance at Kshs. 214.4 Million at the close of the financial year. The Polytechnic received capitation grants for two quarters. The third and fourth quarter grants were not disbursed by the Ministry of Education. There was delay in disbursement of scholarships and loans from the Higher Education Loans Board.

Major projects completed include construction of the Library and ICT resource Centre Phase IV, Perimeter Wall phase III and the Soccer field phase II. Ongoing projects as at the end of the financial year are: Hospitality Complex Phase one and Sports Field Phase III.

The Polytechnic held a graduation ceremony during the year. The courses offered at the Polytechnic are examined by Kenya National Examination Board, Curriculum Development, Assessment and Certification Council (CDACC) and modularised curriculum examined by KINAP.

The construction of the Centre of Excellence (CoE) in Industrial Mechatronics is nearing completion. Its foundation stone was jointly laid by His Excellency the Uhuru Kenyatta, former

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President of Kenya and The President of the Federal Republic of Germany on 25th February 2020
at The Kiambu National Polytechnic.



Chief Principal

Date 24/10/2025

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7. Statement of Performance Against Predetermined Objectives

The Polytechnic has 5 strategic key result areas and objectives within the current Strategic Plan for the FY 2023/2024- FY 2027/2028. These key result areas are as follows:

Summary of key result areas and overall strategic objectives

KRA 1: Quality education and training

Overall Strategic Objective: Improved quality Education and training

KRA 2: Research and innovation

Overall Strategic Objective: Enhanced research and innovation

KRA 3: Infrastructural development, equipment and facilities

Overall Strategic Objective: Enhanced infrastructural development, equipment and facilities

KRA 4: Trainee welfare and support services

Overall Strategic Objective: Improved trainee welfare and support services

KRA 5: Institutional capacity development

Overall Strategic Objective: Strengthened institutional capacity

The Polytechnic develops its annual work plans based on the above 5 key result areas. Assessment of the Governing Councils' performance against its annual work plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the FY 2024/25 period for its 5 strategic key result areas, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements	
KRA1	Quality education and training	Improve quality Education and training	National Exam Pass Rate improved	Improve performance	Performance in National Examinations improved from 60% to 77%

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				Implement external and internal audits	KINAP is ISO 9001:2015 certified and has an internal auditor who carries out frequent audits
				Build capacity of trainers	CBET modularization training done often
					Additional trainers recruited to reduce workload and improve quality of training
				Comply with TVETA standards	KINAP accreditation by the TVETA and aligned with national education policies.
				Acquire modern labs, ICT facilities, and learning resources	Classrooms, labs workshops constructed/renovated to cater for the growing population
			Course completion rate improved	Improve course completion rate	Improved from 79.4% to 83%
				Enhance financial aid programs	Capitation, HELB and Bursary availed
				Enhance counseling, career guidance	Guidance and counselling and Office of Career Services established and operational
				Update programs to match labor market needs and industry standards	Industry experts involved in curriculum development and review
				Introduce new diploma and	5 New programmes introduced

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			Number of new courses/ introduced	certificate courses tailored to market demands	-
				Strengthen partnerships with industry for curriculum development and internships.	16 MoUs/MoAs for dual training signed with industry.
			Capacity Building	Recruit additional instructors to meet growing student enrolment.	Additional trainers recruited to reduce workload and improve quality of training
				Offer professional training and development programs for staff	Varied trainings offered to Staff
KRA 2	Research and innovation	Enhanced research and innovation	Number of Researches Papers	Organizing research conferences	Trainers trained in proposal writing
					KINAP staff present research papers during research conferences held every year
				Sponsor research	Staff sponsored to do and present research papers in other conferences
			Number patents	Apply for patents	33 innovations showcased during the open day and 1 patents issued
				Support student projects, competitions, and	Process initiated

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				develop innovation hub.	
			Number of Skills and innovation fairs held or participated in	Organize skills and innovation fairs	KINAP organizes and participates in skills and Innovations open day held every year
KRA 3	Infrastructural development, equipment and facilities	Enhanced infrastructural development, equipment and facilities	Number of new Buildings /facilities constructed/renovated	Build modern classrooms, workshops and labs, to accommodate growing enrollment.	Cabro Paved Road completed
					Library and resource Centre Phase IV completed
					Modern gate constructed
					Solar power lighting installed
					Plumbing workshop completed
					Roofed pathways constructed
					Telecommunication workshop established
			Proportion of training equipment updated to meet industry standards	Upgrade aging buildings for safety, accessibility, and aesthetics	Continual upgrading, maintenance and renovations done
				Procure modern equipment, materials and industry-relevant tools for KINAP programs	Modern equipment and materials procured for academic departments

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			Percentage of campus with internet access, smart classrooms, and e-learning tools	Enhanced internet / ICT infrastructure to support e-learning and digital literacy.	Computers and other related accessories /materials procured/donated
KRA 4	Trainee welfare and support services	Improved trainee welfare and support services	% increase in customer satisfaction	Improve customer satisfaction index	Customer satisfaction index 77.4
				Enhance guidance and counselling and trainee support services	A fulltime counsellor employed
					Departmental counsellors appointed and trained
					300 peer counsellors trained
				Enhance co-curricular activities	Participated in Regional and National Sporting activities, drama, music, Scouts, Presidential Award (PA) and other clubs' activities
				Enhance security	Senior security officer employed
Lighting along pavements increased					
Enhancing health care services	An extra clinical officer employed				
	Medical equipment's and supplies increased				

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KRA 5	Institutional capacity development	Strengthened institutional capacity	% increase in revenue growth	Increase enrolment	Gross enrolment is at 9843
				Initiate Income Generating Activities (IGAs)	<p>Growing of vegetables internally for consumption</p> <p>Making of detergents</p> <p>Dairy farming and poultry (cows for milk production, broilers and layers for meat and eggs, pigs and rabbits)</p> <p>Stalls established leased out at students' centre</p> <p>Driving school and car wash established</p> <p>Revenue from hiring of facilities</p>
			Performance contract composite score improved	Monitor progress through timely submission of quarterly achievements and evidences	<p>Improved composite score from 3.0 to 2.8</p> <p>Quarterly reports presented to the Council</p> <p>Evidences collected and submitted via GHRIS PC portal and to the relevant agents</p>

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8. Corporate Governance Statement

The current Governing Council was appointed on 8th September 2022. The induction was held in October 2022. The Council has an approved Board Charter to govern their operations.

The Council held meetings as per the sub-committees and full board meetings in adherence to the schedule. The attendance to these meetings was at one hundred per cent with one apology on few occasions. Six full board meetings were held and each subcommittee held four meetings during the financial year.

The Governing Council consists of nine members who were appointed by the Cabinet Secretary, Ministry of Education. The members comprise of; Chairman, representatives of Principal Secretary, MoE and the National Treasury and six other persons appointed on the basis of their knowledge and experience. The Chief Principal of The Kiambu National Polytechnic is the Secretary to the Council.

The Council has three sub-committees: Academic & Human Resource, Technical & Finance, Risk, Audit, & Compliance.

The Council members were inducted and trained on the new issues of International Public Sector Accounting Standards (IPSAS) Annual Financial Reporting, TVET Act, 2013 and requirements under Public Finance Management Act.

During the year the Board held a retreat to approve policy documents and for sensitization on the reviewed strategic plan.

Functions of the Governing Council include:

- i. To discuss and approves the budget for each financial year.
- ii. To approves financial reports for every quarter and for each year.
- iii. To negotiate and approve performance contracts for each year;
- iv. To administer and manage property of the Polytechnic
- v. To develop and implement the Polytechnic Strategic Plan;
- vi. Receive on behalf of the Institution, fees, grants, subscriptions, donations, bursaries;
- vii. Recruit and appoint trainers from among qualified professionals;
- viii. Determine suitable terms and conditions of service for support staff, trainers and remunerate staff of the Polytechnic;
- ix. Prepare annual financial statements and submit to the relevant authority

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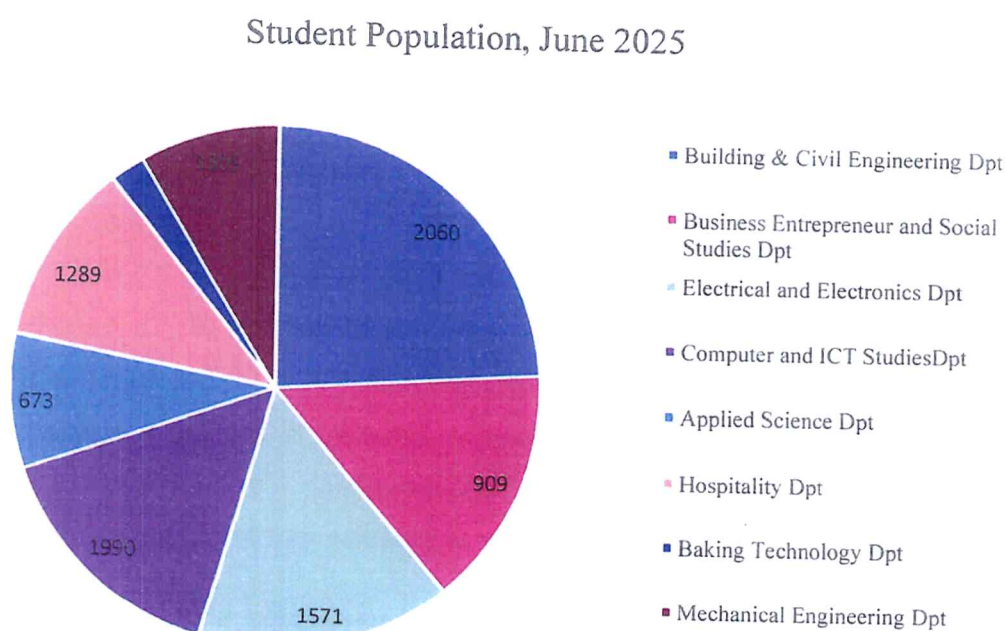
9. Management Discussion and Analysis

The Kiambu National Polytechnic operational and financial performance

The students' population stands at 9,843 as represented by each department;

- i. Building Technology department – 2,060 students
- ii. Business Entrepreneur and Social Studies Dept. – 909 students
- iii. Electrical and Electronics Dept. – 1,571 students
- iv. Computer and ICT Studies Dept. – 2,036 students
- v. Applied Science Dept. - 673 students
- vi. Hospitality, Fashion and Cosmetology Dept. – 1,289 students
- vii. Mechanical Engineering – 1,305 students

Figure 1: Pie Chart for Number of Students



Source: KINAP Students Register as at 30th June 2025

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The Polytechnic received capitation grants for the first and second quarters as tabulated below;

Quarter	Amount (KShs.)	Date received
1	19,958,225.84	7/10/2024
2	37,751,425	24/02/2025
Q4 FY 2023/2024	18,596,425	6/10/2024

Third and fourth quarter capitation grants were not received as at the end of the financial year.

The Polytechnic is able to meet its financial obligations as they fall due and is thus able to comply with legal requirements in filing and remitting statutory payments.

Polytechnic's compliance with statutory requirements

The Polytechnic has complied with the statutory requirements. The Polytechnic is fully accredited with TVETA. All statutory remittances are paid to the respective authorities and in due time.

Major risks facing the Polytechnic

There is increased cost in property maintenance and upgrade as most departments have had new workshops and laboratories upgraded to meet the requirements for the new training curriculum. The increased cost followed by low fees collection and delayed remittance of capitation by the Ministry of Education may affect projects implementations. To avert the risk of low fees collection, the Polytechnic is instituting measures to optimize fees collection

Material arrears in statutory/financial obligations

The Polytechnic has no major outstanding pending bills. The staff salary deductions are remitted to the respective institutions as and when they fall due.

Key projects and investment decisions the Polytechnic is planning/implementing

The Polytechnic completed construction of phase IV of the Library and ICT Resource Centre project, Construction of the perimeter wall phase III, Construction of Cabro paved road, additional Plumbing workshop and expansion of bus park garage.

The ongoing projects are the Construction of the Hospitality Complex Phase one and Sports Field Phase III.

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The above projects are being financed by savings realized through prudent financial management of internal funds.

The entity's financial probity and governance issues

The entity has no governance issues. The KINAP Governing Council are appointed by the Cabinet Secretary, MOE and is responsible for the management of The Kiambu National Polytechnic as a Government training Institution.

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10. Environmental and Sustainability Reporting Statement

Sustainability strategy and profile

The Polytechnic aims in delivering quality technical and vocational training while ensuring long-term environmental, and social responsibility. This aligns with the national TVET policy, the Sustainable Development Goals (SDGs) and the strategic plan.

To ensure sustainability of water supply and save on high water bills from water companies, the Polytechnic drilled its own water borehole which is supplying enough water to the whole of the Polytechnic KINAP is focussing on water conservation through rainwater harvesting to the underground water tank that can store one million litres, it has also adopted renewable energy solutions such as solar power heating and lighting systems.

Environmental performance

The Polytechnic has an Environmental Policy that was developed in the year 2015.

The main objective of the policy is to provide a framework to address environmental sustainability in the Polytechnic. It aims to:

- i. Provide a framework for an integrated approach to planning and sustainable management of the Polytechnic's environment and its natural resources.
- ii. Promote awareness on issues related to environmental conservation amongst members of the Polytechnic.
- iii. To strengthen the institutional capacity on conservation and management of the resources.
- iv. Promote and enhance cooperation, collaboration, synergy, partnerships and participation in the protection, conservation and better management of the environment by all the stakeholders.

The Polytechnic's commitment to the environmental sustainability extends to its customers, staff, students and the neighbouring community. The Polytechnic is committed to:

- i. Operate in Compliance with all relevant and applicable environmental regulations.
- ii. Integrate the consideration of environmental concerns and impacts into Institutes' activities such as training, Research and Development, innovations as well as in sports and games.

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- iii. Prevent pollution whenever possible and reduce waste through re-use and recycling and by purchasing and using recycled, recyclable or re-furnished products and materials where these alternatives are available, economical and suitable.
- iv. Sensitize staff and students on the Polytechnic environmental program and empower them to contribute and participate by promoting efficient use of materials and resources including water, electricity, raw materials and other resources, particularly those that are non-renewable.
- v. Communicate the environmental commitment and efforts to customers, staff, students and neighbouring community and encourage them to support it.
- vi. Contribute to Kenya's efforts to have achieved 10% forest cover by 2030 by mainstreaming tree planting in the Polytechnic's calendar of events.

The Polytechnic has reduced use of plastic bottles during meetings and conferences, there are garbage bins for segregation of waste in the compound.

Employee welfare

The Polytechnic has Career Progression Guidelines that was developed in year 2015 and reviewed in 2025 and Human Resource Manual which was reviewed in the year 2022. Other Policies in place that guide on staff welfare are benevolent policy, Occupational Safety and Health policy (OSH) and Sexual Harassment Policy.

All employees are treated equally without discrimination and the Polytechnic management complies with the relevant laws and regulations for the management of human resource.

All employees are covered under Work Injury Benefits Act (WIBA). This includes casuals who are engaged from time to time. The Polytechnic is also registered under OSH and in case of any Occupational accident, procedures are in place to ensure that the case is reported accordingly.

KINAP employees have been trained on Occupational Safety and Health and safety champions are in place in all departments.

To improve skills and manage careers, the Polytechnic organizes trainings for all its employees which may be either external or internal. The Polytechnic's performance and appraisal system is conducted in the ERP system after the end of every financial year.

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Market place practices

The Polytechnic engages in fair competition while marketing its training courses in the various media platforms. The Polytechnic competes in sports, drama festivals and athletics at regional and national levels, TVET fair exhibitions and robotics contests.

The Polytechnic suppliers are fairly treated and payments for goods and services supplied are paid within the stipulated credit period and contract terms.

Corporate Social Responsibility / Community Engagements

The Polytechnic engaged in corporate social responsibility activities during the financial year such as participating in Kiambu market monthly clean up and tree planting exercises.

11. Report of the Council/Board of Governors

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

Principal activities

The principal activities of the Polytechnic is to provide Technical and Vocational Education and Training.

Results

The results of the entity for the year ended 30th June 2025 are set out on page 1 to 7

Council/Board of Governors

The members of the Board who served during the year are shown on page vii. The current Governing Council has been in office since 8th September 2022. No director has resigned during the financial year under consideration

Auditors

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

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By Order of the Board

[Signature]
.....
Secretary of the Council

Date *24/10/2025*

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12. Statement of Board of Governors/ Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 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 KINAP keeps proper accounting records which disclose with reasonable accuracy the financial position of KINAP. The Council members are also responsible for safeguarding the assets of KINAP.

The Council members are responsible for the preparation and presentation of the Kiambu National Polytechnic financial statements, which give a true and fair view of the state of affairs of KINAP for and as at the end of the financial year ended on June 30, 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 misstatements, whether due to error or fraud;
- iv. Safeguarding the assets 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 TVET Act)). The Council; members are of the opinion that KINAP financial statements give a true and fair view of the state of the transactions during the financial year ended June 30, 2025, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained

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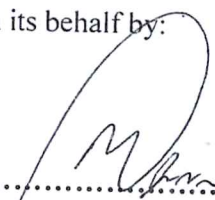
for The Kiambu National Polytechnic, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Chief Principal has assessed KINAP's ability to continue as a going concern

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's financial statements were approved by the Board on 18th August 2025 and signed on its behalf by:



.....

**Name: Mr. Fredrick Kairu
Chairperson of the Council**



.....

**Name: Mr. Sammy Waititu
Accounting Officer/Principal**

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIAMBU 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu National Polytechnic set out on pages 1 to 60, 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 statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu 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.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of cash flows reflects net cash flows from operating activities totalling Kshs.154,718,745 while Note 33 to the financial statements on reconciliation of cash generated from operations reflects a balance of Kshs.154,724,467 resulting to an unexplained and unreconciled variance of Kshs.5,722.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Inconsistencies in Cash and Cash Equivalents

The statement of financial position and Note 20 to the financial statements reflects a balance of Kshs.227,726,938 under cash and cash equivalents. However, the bank reconciliation statement revealed long outstanding reconciling items, aged more than six months amounting to Kshs.3,324,509. Further, the audit noted an unutilized balance of Kshs.5,704,420 in the bank account which remained idle throughout the year, with no evidence of utilization or transfer in support of institutional activities.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.227,726,938 could not be confirmed.

3. Unexplained Increase in Trade and Other Payables

The statement of financial position reflects a balance of Kshs.2,347,714 under trade and other payables as at 30 June, 2025, as disclosed in Note 27 to the financial statements. This represents a significant increase of Kshs.1,695,583 approximately 260% from the prior year balance of Kshs.652,131. However, Management did not provide an adequate explanation or supporting documentation to justify the substantial year-on-year increase in the payables balance.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.2,347,714 could not be confirmed.

4. Non-Compliance in Accounting for Intangible Assets

The statement of financial position and Note 26 to the financial statements reflects intangible assets valued at Kshs.17,192,600. However, there was no evidence of ownership or legal rights over the software classified under intangible assets. Further, the intangible assets were not amortized in line with the requirements of IPSAS 31, resulting in potential misstatement of both the asset value and related amortization expense.

In the circumstances, the accuracy of the financial statements could not be confirmed.

5. Outstanding Accounts Receivables from Exchange Transactions

The statement of financial position and Note 21 to the financial statements reflects current and long-term receivables from exchange transactions amounting to Kshs.234,603,613. Included in this amount is Kshs.141,630,880 that has been outstanding for more than one (1) year. Further, long-term receivable of Kshs.1,993,932 owed by the Board of Trustees had no supporting documentation, raising doubt over its recoverability.

In addition, Management did not avail the Institute's debt collection policy for audit review.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions totaling Kshs.234,603,613 could not be confirmed.

6. Long Outstanding Transfers to Other Institutions

The statement of financial position and Note 27 to the financial statements reflects transfers to other institutions amounting to Kshs.2,868,767. However, this amount has remained outstanding for more than three (3) years and no explanation was provided for non-payment. Further, no information was provided on correspondences with the respective institutions on what the amounts relate to and if the amounts had been reflected in the institution's financial statements.

In the circumstances, the accuracy and existence of transfers to other institutions totalling Kshs.2,868,767 could not be confirmed.

7. Capitalization of Capital Work in Progress

The statement of financial position, as disclosed in Note 25 to the financial statements, reflects property, plant, and equipment balance of Kshs.5,285,904,694. Included in this amount is capital work-in-progress of Kshs.56,938,351, which relates to the ongoing construction of the Sports Field Phase III. However, it was noted that the costs of Phase I and Phase II of the same project, amounting to Kshs.13,552,500 and Kshs.16,980,430 respectively, had already been capitalized and subjected to depreciation and the project was still in progress.

In the circumstances, the accuracy of depreciation and amortization and property, plant and equipment amounts of Kshs.62,331,504 and Kshs.5,285,904,694 respectively could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,125,851,883 and Kshs.1,077,603,135 respectively resulting to an under-funding of Kshs.48,248,748 or 4% of the budget. However, transfers from other National Government entities had not been budgeted for. Further, the Polytechnic spent Kshs.851,599,532 against actual receipts of Kshs.1,077,603,135 resulting to an under-utilization of Kshs.226,003,603 or 21% of actual receipts.

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

My opinion is not qualified on this matter.

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. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Audit Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control, Risk management and Governance respectively. Review of the status during the audit of the Kiambu National Polytechnic in 2024/2025 revealed the following matters remained unresolved:

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Long Outstanding Accounts Receivables
3	2023/2024	Long Outstanding Transfers to Other Institutions
4	2023/2024	Irregular Direct Procurement of System Module
5	2023/2024	Non-Compliance with Requirements in Ethnic Diversity

	Financial Year	Audit Issue
6	2023/2024	Irregular Acquisition of Loans
7	2023/2024	Students Taking Exams with Fees Balance
8	2023/2024	Lack of System Ownership
9	2023/2024	Lack of Data Protection Officer and Certification on Data Processing and Control
10	2023/2024	Gaps in Student Management Information System Receipt Numbering
11	2023/2024	Lack of ICT Steering Committee
12	2023/2024	Lack of ICT Strategy Committee
13	2023/2024	Lack of Business Continuity and Disaster Recovery Plan
14	2023/2024	Failure to Fully Implement ICT Policy
15	2023/2024	Weakness in Payroll and HR System Reporting

Other Information

The Management is responsible for the Other Information set out on page ii to xxxi which comprise of Key Entity Information and Management, the Board of Governors, Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Board of Governors' Responsibilities. The Other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kiambu 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 conclusion 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. Weaknesses in Human Resources Management

1.1 Employee Compensation Paid Outside the Payroll System

The statement of financial performance reflects employee costs amounting to Kshs.110,804,082 as disclosed under Note 14 to the financial statements. However, review of payment vouchers and supporting documents revealed that employee compensation totalling Kshs.712,038 was paid outside the official payroll system. These off-payroll payments were not subjected to standard payroll processes, including automatic statutory deductions such PAYE, NHIF, NSSF and House Levy, and approvals, and integration into employee records. This was contrary to Regulation 23(1)(c) and (d) of the Public Finance Management Regulations, 2015, which require Accounting Officers, in line with Article 226(2) of the Constitution and Section 68(1) of the Public Finance Management Act, to be accountable to the National Assembly for (c) maintaining effective systems of internal control and taking appropriate measures to ensure their continued effectiveness.

1.2 Non-Compliance with National Cohesion and Integration Act, 2008 on Ethnic Diversity

Review of employee records for the Polytechnic revealed that one hundred and forty-two (142) or 53% of employees of the total population of two hundred and sixty-seven (267) staff comprised staff from one dominant ethnic community employed by the Polytechnic. This is above the 30% provision of 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.

1.3 Under-Representation of Persons with Disabilities (PWDs)

Review of staff composition indicates that three (3) out of two hundred and sixty-seven (267) employees were identified as persons with disabilities (PWDs), representing approximately 1.1%, which falls below the 5% statutory employment quota mandated for PWD inclusion. Further, the specific nature or type of disabilities of these individuals was not documented, limiting clarity around their representation and potential need for reasonable accommodation.

1.4 Lack of Data Protection Officer (DPO) and Certification on Data Processing and Control

Review of the Polytechnic's data management processes revealed that the Institution had not appointed a Data Protection Officer (DPO) as required under the Data Protection Act, 2019. Further, the Polytechnic had not obtained certification on data processing and control, raising concerns over compliance with legal and regulatory requirements for handling personal and sensitive data. Failure to appoint a DPO and acquire certification exposes the Institution to risks of data breaches, non-compliance penalties, and potential legal liabilities, which may compromise the integrity and security of student and staff

records. This was also contrary Section 24(1) of the Data Protection Act, 2019 which states that a data controller or data processor shall designate or appoint a Data Protection Officer (DPO) where the processing is carried out by a public body or private entity (except for Courts acting in their judicial capacity), the core activities involve regular and systematic monitoring of data subjects on a large scale and the entity processes large-scale sensitive personal data.

1.5 Non-Compliance with Technical and Administrative Staff Ratio

During the year under review, the Polytechnic had two hundred and sixty seven (267) Board of Governance (BOG) recruited staff. Review of the staff register revealed that 162 were technical staff, while 105 were non-technical staff, representing a ratio of 61:39, respectively. This staffing ratio contravenes Section 4.3(i) of the Public Service Commission Guidelines, 2023 that require 70:30 ratio of technical to non-technical.

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

2. Irregularities in the Construction of a Bus Park-Garage

The statement of financial position reflects a balance of Kshs.5,285,904,694 under property, plant, and equipment, as disclosed in Note 25 to the financial statements, with additions amounting to Kshs.119,953,062 for buildings. The Polytechnic contracted a contractor to construct a bus park garage at a contract sum of Kshs.4,783,530. According to the Bill of Quantities, the garage was to be fitted with 12 standard steel section wing doors at a unit cost of Kshs.40,000, totalling Kshs.480,000. However, physical inspection of the project revealed that only 10 doors had been installed. This was contrary to Section 139(1) of the Procurement Act where an amendment or a variation to a contract resulting from a procurement proceeding is effective only if it has been approved in writing by the respective tender awarding authority within a procuring entity.

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

3. Anomalies in the Maintenance of Workshop in the Polytechnic

Review of project implementation records revealed that the Polytechnic awarded a contract for the maintenance of a workshop under reference KIST/EM/INTER.COM/VOL.2/2025/78, at a contract sum of Kshs.1,991,845. The Bills of Quantities, payment certificates, and the completion certificate for the project were prepared and issued by the Polytechnic Estate Manager. However, it was noted that the professionals from the mandated department, who are legally required to oversee, supervise, and certify such works, were not involved in the execution of the project. This was in contravention of Section 70(4) of the Public Procurement and Asset Disposal Act, 2015, which requires the Accounting Officer to prepare tender documents in consultation with the user and other relevant departments.

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

4. Economic Viability of Income Generating Activities of the Institution

The statement of financial performance and Note 9 to the financial statements reflects an amount of Kshs.25,543,317 for sale of goods. The revenue from sale of farm produce, sale of coffee, environmental and safety affairs was Kshs.78,030, Kshs.133,500 and Kshs.161,630 respectively. Review of ledger schedules revealed corresponding expenditure amounts of Kshs.3,245,700, Kshs.1,208,380 and Kshs.1,957,581 respectively resulting to losses in the course of the year amounting to Kshs.3,167,670, Kshs.1,074,880 and Kshs.1,795,951 respectively. This poses a risk to the Institution using monies from the core activities of the organization, and was contrary to Section 68(1) of the Public Finance Management Act, 2012 which requires effective and efficient use of resources.

In the circumstances, Management was in breach of the law and the losses may affect economic viability of the Institution.

5. Non-Compliance in Investment of Public Funds in Fixed Deposits

The statement of financial performance and Note 11 to the financial statements reflect finance income totalling Kshs.9,973,470, arising from interest earned on fixed deposits placed with commercial banks. However, the audit revealed the following anomalies:

- i. The Institution does not have an approved investment policy or guidelines governing the placement of funds in fixed deposits.
- ii. There was no evidence of approval from The National Treasury.
- iii. The fixed deposit register, documenting the investment transactions and movements, was not provided for audit review.

This was contrary to Treasury Circular No. 4/2017 dated 02 May, 2017 which directed all state corporations and SAGAS to invest surplus in either Treasury bills or Treasury bonds.

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

6. Irregular Procurement of Private Security Services

The statement of financial performance and Note 13 to the financial statements reflects use of goods and services expenditure totalling Kshs.384,073,648, which includes Kshs.8,765,280 related to security services. Review of the expenditure revealed that the Polytechnic awarded a framework contract for security services to a local contractor dated 15 July, 2024. However, examination of payment vouchers revealed they were not supported by electronic tax invoices and local service orders (LSOs).

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

7. Failure to Deduct Public Procurement Capacity Building Levy

Review of a sample of payment vouchers provided for audit revealed that the Polytechnic made payments amounting to Kshs.155,300,213 to various suppliers under public procurement contracts. However, these payments were not subjected to the mandatory Public Procurement Capacity Building Levy of Kshs.40,164. This was contrary to Public Procurement Regulatory Authority (PPRA) Circular No. Ref: PPRA/6/5/VOL.II (224) dated 30 August, 2024, which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and procuring entity, at the rate of zero-point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

8. Irregularities in the Procurement of 1730 Mercedes Bus KDR 751B

The Polytechnic entered into a contract for supply and delivery of 67-seater bus tender no KINAP/PRIN/POLYBUS/2024-2025 Vol 1 on 27 November, 2024 at a contract price of Kshs.17,866,120. The contract payment terms indicated an advance payment of 30% or Kshs.5,359,836 upon signing of the contract and 70% or Kshs.12,506,284 upon successful completion and approval. However, this contravenes the provisions of the Public Procurement and Asset Disposal Act, 2015 which only allows advance payment of 20% of the price of tender and equivalent to the performance security. Further, it was noted that the performance security was Kshs.200,000 which was far below the advance payment of Kshs.5,359,836. There was therefore an overpayment of the advance payment by Kshs.1,786,612.

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

9. Irregularities in Procurement of Fuel and Oil

During the year under review, the Institution did not adhere to competitive procurement procedures as required by the Procurement Act in relation to purchase of fuel and oil from a supplier amounting to Kshs.9,408,152 as no request for quotation were floated to ensure competitive bidding. This practice compromises transparency, fairness, and cost-effectiveness in procurement.

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

10. Irregularities in Implementation of Projects

10.1 Proposed Construction of Library and ICT Resource Center - Phase IV

The Polytechnic awarded a contract worth Kshs,109,981,350 to a contractor through tender No. KINAP/PRIN/LIBICT/2023-2024. The contract close-out procedures for the project were not comprehensively documented, contrary to Section 139(4) of Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a

procuring entity to submit a quarterly report of their varied or amended procurement contracts to the Authority.

10.2 Proposed Sports Field - Phase III

The Polytechnic awarded a contract worth Kshs,19,897,630 to a contractor through tender No. KINAP/PRIN/SPORTSFIELDS/2024-2025. The tender was opened on 16 December, 2024, evaluated on 17 December, 2024 and the contract agreement made on 16 February, 2024. However, review of the procurement documents provided for audit revealed that the contractor requested for design change of the Bill of Quantities dated 20 February, 2025. Further, there was a variation of contract sum from Kshs,19,987,630 to Kshs.21,439,080 by an additional amount of Kshs.1,451,450 representing 7.3% variation. There was no evidence of justification or recommendation by the contract implementation team, or approval by the Accounting Officer.

In addition, the quarterly reports on varied or amended procurement contracts, submitted to the Procurement Regulatory Authority, were not provided for audit. The inspection reports from the project implementation team were not provided for audit review contrary to Section 48(3)(b) of the Procurement Act, which requires that the inspection and acceptance committee shall immediately after the delivery of the goods, works or services inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract.

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

11. Commingling of Funds

Review of payment vouchers and bank statements revealed that capital expenditure payments amounting to Kshs.241,964,788 were processed through the Institution's recurrent bank account. This occurred despite the Institution maintaining a separate development bank account designated for development projects and was contrary to Regulation 23(1)(c) of the Public Finance Management (National Government) Regulations, 2015 which requires that the Accounting Officer shall, in accordance with Article 226(2) of the Constitution and Section 68(1) of the Act, be accountable to the National Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

12. Lack of Public Participation on Climate Change Activities

The statement of financial performance reflects an amount of Kshs.384,073,648 under use of goods and services as disclosed in Note 13 to the financial statements, which includes an amount of Kshs.1,957,581 for environmental and safety affairs. Analysis of information provided for audit in relation to environmental sustainability revealed that the Polytechnic had undertaken tree planting initiatives in various areas within Kiambu County. These include Kamiti river, planting of trees along the Thika superhighway and Kiambu Prison. However, it was noted that no public participation was conducted to get

views from the public on environmental projects they would want undertaken, and possible sites that these can be undertaken. It was therefore not clear how the areas were identified, and how the tree planting exercise was settled upon without input from the general public. This was contrary to the law requiring public participation in conducting of environmental conservation and climate mitigation projects.

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

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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of System Ownership

The Polytechnic procured a Human Resource and Payroll Management System from ABNO Unisol at a cost of Kshs.12,528,000. However, review of system ownership and control revealed that the vendor did not surrender the administrator credentials for the database to the Institution. As a result, the Polytechnic has no direct control over its database, relying entirely on the vendor for system administration, updates, modifications, and troubleshooting. This lack of access restricts the Institution's ability to independently manage its data, conduct system customizations, or implement security measures without vendor intervention.

Further, such dependency poses significant operational, security and financial risks, including potential delays in system updates, increased costs for modifications, and vulnerability to data manipulation or loss. This is contrary to Clause 11 of the contract between the Polytechnic and Abno Softwares dated 12 March, 2021 which states that the system provider shall ensure security of the source code through escrow arrangements and train technical staff to be able to trouble shoot, add new features and parameters in the backend and perform any adjustment to the system as when required.

In the circumstances, the ownership and value for money of the system are in doubt.

2. Inconsistencies in Accountability of Fuel Usage

Review of fuel expenditure records at the Polytechnic for the year under review revealed that fuel worth Kshs.2,511,002 was drawn, as reflected in the fuel statements. However, review of motor vehicle work tickets maintained by the Polytechnic revealed that the respective entries for the fuel drawn were not recorded.

In the circumstances, effectiveness of internal controls in management of fuel records could not be confirmed.

3. Gaps in Rental Income

The statement of financial performance and Note 12 to the financial statements reflect miscellaneous income totalling Kshs.12,974,543, which includes Kshs.1,442,700 relating to rental income. Physical inspection conducted in September, 2025 revealed that the Institution has sixty-four (64) residential housing units allocated to staff. Management confirmed that twenty-four (24) housing units remained unoccupied, leading to potential loss of rental income. Further, it was noted that the Institution lacks a formal rental policy to guide the allocation, occupancy, and pricing of staff housing, thereby increasing the risk of inconsistency and revenue leakage.

In the circumstances, the Institution lacks controls on proper accountability in use of resources.

4. Failure to Fully Implement the ICT Policy

Review of the Polytechnic ICT policy document and the actual practices within the ICT department revealed that the Institution has not established an off-campus disaster recovery site, as required by the ICT policy. Further, the ICT policy requires the formation of a risk, audit, and compliance committee for business continuity, and these committees had not been formed as at the time of the audit.

The gaps indicate non-compliance with the approved ICT policy, exposing the Institution to security vulnerabilities, data loss risks, and potential operational disruptions.

5. Lack of ICT Steering Committee

During the year under review, the Polytechnic did not have an operational ICT Steering Committee or ICT Strategic Committee in place. These committees are critical for providing governance, oversight, and direction on ICT matters, including policy formulation, system acquisition, data protection, and business continuity planning. Management indicated that the formation of the committees was in progress; however, no timelines or evidence of progress were provided for audit review.

In the circumstances, the Institute lacks appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business Continuity.

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

Responsibilities of the Management and the Board of Governors

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 Board of Governors are 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 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

14 November, 2025


**THE KIAMBU NATIONAL POLYTECHNIC (KINAP)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2025**

14. 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	6	85,703,344	95,652,610
Grants from donors and development partners	7	-	2,312,790
		85,703,344	97,965,400
Revenue from Exchange transactions			
Rendering of services- fees from students	8	707,259,108	521,266,978
Sale of goods	9	25,543,317	11,188,988
Rental revenue from facilities and equipment	10	26,150,310	31,954,949
Finance income	11	9,973,470	12,585,600
Miscellaneous income	12	12,974,543	2,514,284
Revenue from Exchange transactions		781,900,747	579,510,798
Total Revenue		867,604,092	677,476,198
Expenses			
Use of goods and services	13	384,073,648	281,981,610
Employee costs	14	110,804,082	82,766,853
Board /Council Expenses	15	8,114,060	6,917,300
Depreciation and amortization expense	16	62,331,504	52,732,360
Repairs and maintenance	17	71,518,229	50,455,634
Contracted services	18	4,763,604	4,157,960
Operating Expenses	19	30,683,996	2,031,852
Total Expenses		672,289,123	481,043,569
Net surplus/(deficit) for the year		195,314,969	196,432,630

(The notes set out on pages 8 to 61 form an integral part of the Annual Financial Statements).

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


.....


Mr. Fredrick Kairu
Chairman of Council

Date: 24/10/2025


.....

Mr. Sammy K. Waititu
Chief Principal

Date: 24/10/2025


.....

CPA. Mercy Nyakundi
Finance Officer
ICPAK No:24992

Date: 24/10/2025

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


15. Statement of Financial Position as at 30th June 2025


Description	Notes	2024-2025	2023-2024
		KShs	KShs
Assets			
Current Assets			
Cash and cash equivalents	20	227,726,938	314,972,981
Current portion of receivables from exchange transactions	21(a)	232,105,218	144,810,842
Receivables from non-exchange transactions	22	8,492,850	8,006,450
Inventories	23	7,452,348	5,427,509
Total Current Assets		475,777,354	473,217,782
Non-Current Assets			
Long term receivables from exchange transactions	21(b)	2,498,395	2,498,395
Property, plant, and equipment	25	5,285,904,694	5,111,091,411
Intangible assets	26	17,192,600	13,336,600
Biological Assets	24	964,000	-
Total Non-Current Assets		5,306,559,689	5,126,926,406
Total Assets		5,782,337,043	5,600,144,187
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	27	2,347,714	652,131
Refundable deposits from customers	28	28,643,130	39,664,267
Deferred income	29	-	7,959,952
Transfer to other Institutions	27	2,868,767	2,877,491
Payments received in advance	31	160,791,433	164,582,268
Total Current Liabilities		194,651,044	215,736,109
Non-Current Liabilities			
Non- Current Borrowings	32	-	-
Total non- current liabilities		-	-
Total Liabilities		194,651,044	215,736,109
Net Assets			
Accumulated Surplus		1,253,077,218	1,057,762,248
Revaluation Reserve		4,165,000,000	4,165,000,000


**THE KIAMBU NATIONAL POLYTECHNIC
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JUNE 2025**

Description	Notes	2024-2025	2023-2024
		KShs	KShs
Capital Fund		169,608,781	161,645,829
Total net assets		5,587,685,999	5,384,408,077
Total Net Assets and Liabilities		5,782,337,043	5,600,144,186

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


.....
Mr. Fredrick Kairu
Chairman of Council


.....
Mr. Sammy K. Waititu
Chief Principal


.....
CPA. Mercy Nyakundi
Finance Officer
ICPAK No:24992

Date 24/10/2025
.....

Date 24/10/2025
.....

Date 24/10/2025
.....

**THE KIAMBU NATIONAL POLYTECHNIC (KINAP)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025**

16. Statement of Changes in Net Asset for the Year Ended 30th June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	-	861,329,619	161,645,829	1,022,975,448
Revaluation gain	4,165,000,000	-	-	4,165,000,000
Surplus/(deficit) for the year	-	196,432,630	-	196,432,630
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	4,165,000,000	1,057,762,248	161,645,829	5,384,408,077
At July 1, 2024	4,165,000,000	1,057,762,248	161,645,829	5,384,408,077
Revaluation gain (Land)	-	-	-	-
Surplus/(deficit) for the year	-	195,314,969	-	195,314,969
Capital grants received during the year	-	-	-	-
Transfer of deferred income to capital fund			7,959,952	7,959,952
At June 30, 2025	4,165,000,000	1,253,077,218	169,608,781	5,587,685,999

**THE KIAMBU NATIONAL POLYTECHNIC (KINAP)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2025**

17. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	85,703,344	95,652,610
Grants from donors and development partners	7	-	2,312,790
Rendering of services- fees from students (Reconciled)	33	632,004,317	465,575,494
Sale of goods	9	25,543,317	11,188,988
Rental revenue from facilities and equipment	10	16,660,261	28,749,809
Finance income	11	9,973,470	12,585,600
Miscellaneous income	12	12,974,543	2,514,284
Receivables from Exchange Transactions	33	-	5,898,655
Refundable Deposits from students		1,573,133	48,795,192
Fees paid in advance	31	-	51,416,968
Total Receipts		784,432,385	724,690,390
Payments			
Use of goods and services	33	383,750,773	282,696,323
Employee costs	14	110,804,082	82,766,853
Board /Council Expenses	15	8,114,060	6,917,300
Repairs and maintenance	17	71,518,229	50,455,634
Contracted services	18	4,763,604	4,157,960
Operating Expenses	19	30,683,996	2,031,852
Refundable Deposits from students paid		12,888,567	85,483,021
Supplier payments	27	652,131	281,638
Receivables from Exchange Transactions	33	6,538,198	-
Other payments		-	3,241,410
Receivables from Non-exchange transactions	22	-	589,860
Total Payments		629,713,640	518,621,850
Net Cash Flows from operating activities		154,718,745	206,068,540
Cash flows from investing activities			
Purchase of property, plant, equipment	25	- 237,144,788	-151,270,309
Purchase of Intangible Asset	26	-3,856,000	-935,000
Purchase of Biological Assets		-964,000	-
Net cash flows used in investing activities		-241,964,788	-152,205,309
Cash flows from financing activities			
Repayment of Borrowings	32	-	-24,518,707
Net cash flows used in financing activities		-	-24,518,707
Net Increase/(Decrease) in Cash and Cash equivalents		-87,246,043	29,344,524
Cash and Cash equivalents at 1 July 2024		314,972,981	285,628,457

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

Description		2024-2025	2023-2024
	Note	KShs	KShs
Cash and Cash equivalents at 30 June 2025	20	227,726,938	314,972,981

THE KIAMBU NATIONAL POLYTECHNIC (KINAP)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization difference	Explanation of material variances
	a	b	c=a+b	d	e=(c-d)	f=d/c %	
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025		
	KShs	KShs	KShs	KShs	KShs		
Budget carryovers from the previous year*	294,743,883	0	294,743,883	294,743,883	0		
Revenue							
Transfers from other National Government entities	-	-	-	85,703,344	-85,703,344		a)
Public contributions and donations	-	-	-	-	-	0%	b)
Rendering of services	645,868,000	111,350,000	757,218,000	632,004,317	125,213,683	83%	c)
Sale of goods	16,490,000	4,000,000	20,490,000	25,543,317	- 5,053,317	125%	d)
Rental revenue from facilities and equipment	22,300,000	5,700,000	28,000,000	16,660,261	11,339,739	60%	e)
Finance Income	11,500,000	1,900,000	13,400,000	9,973,470	3,426,530	74%	f)
Miscellaneous Income	-	12,000,000	12,000,000	12,974,543	-974,543	108%	g)
Total income	990,901,883	134,950,000	1,125,851,883	1,077,603,135	48,248,748		
Expenses							
Compensation of employees	105,332,288	7,000,000	112,332,288	110,804,082	1,528,206	99%	h)
Use of Goods and services & Tuition Materials	339,620,000	151,750,000	491,370,000	383,750,773	107,619,227	78%	i)
Repairs and Maintenance & Other repairs	44,500,000	31,800,000	76,300,000	71,518,229	4,781,771	94%	j)
Operating Expenses	30,200,000	2,000,000	32,200,000	30,683,996	1,516,004	95%	k)
Board of Governors Expenses	8,560,000	1,500,000	10,060,000	8,114,060	1,945,940	81%	l)
Contracted Services	5,750,000	1,500,000	7,250,000	4,763,604	2,486,396	66%	m)
Capital Expenditure Payments	456,740,000	-54,800,000	401,940,000	241,964,788	159,975,212		
Total expenditure	990,702,288	140,750,000	1,131,452,288	851,599,532	279,852,756		

**THE KIAMBU NATIONAL POLYTECHNIC
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Surplus for the period	199,595	-5,800,000	-5,600,405	226,003,603	- 231,604,008		
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(Budget notes)

- a) The Polytechnic received capitation grants for two quarters. Third and fourth quarter capitation was not received.
- b) The Polytechnic did not receive any donations
- c) The variance is due to increase in student enrolment leading to a rise in student debtors
- d) There was improved catering sales during the year
- e) The Polytechnic had major hiring of facilities during the year
- f) The Polytechnic was able to hold funds in short term fixed deposits and earn interest income.
- g) The Polytechnic was able to realise miscellaneous income during the year
- h) The variance is due to increase in number of B.O.G trainers hired during the year
- i) Use of goods and services declined due to savings on some vote heads
- j) The Polytechnic expenditure on repairs and maintenance was within the budget
- k) The Polytechnic incurred operating expenses in line with the budget
- l) Board meetings were held as per the schedule of meetings.
- m) Contracted services were carried out in line with the budget.

Budget Reconciliation

		Amount in Kshs
	Description of Particulars	
	Actual Surplus Amounts as per the statement of Budget	226,003,603
		2,868,767
1	Add Payable to mentored institutions(Project funds)	(652,131)
2	Payment of suppliers FY 2023/2024	(12,888,567)
3	Refundable deposits paid	1,573,133
4	Refundable deposits received	3,961,060
5	Fees received in advance	6,538,198
6	Advance Payments	2,347,714
7	Accrued expenditure	(2,024,839)
8	Increase in Inventory	227,726,938
	Closing Cash and Cash Equivalent as per the statement of Cash flows	

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

19. Notes to the Financial Statements

1. General Information

The Polytechnic is established by and derives its authority and accountability from TVET Act 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is training.

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 accounting policies.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. New standards and amended standards and interpretations effective in the year ended 30 June 2025.

There are no new standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>(The standard has no impact to the Polytechnic)</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>(The standard has no impact to the Polytechnic)</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously

**THE KIAMBU NATIONAL POLYTECHNIC
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	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>

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<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>(The standard has no impact to the Polytechnic)</i></p>

iii. Early adoption of standards

The Polytechnic did not early-adopt any new or amended standards in year 2025.

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

b) Budget information

The original budget for FY 2024/2025 was approved by the Council on 11th July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of KShs. 63,650,000 on the FY 2024/2025 budget following the Council's approval.

The Polytechnics' budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 under section 18 of these financial statements.

c) Taxes

Current income tax

The Polytechnic is exempt from paying taxes as a public training institution.

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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➤ When receivables and payables are stated with the amount of sales tax included.

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

Land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on Property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The rates in use are:

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Land	-
Buildings	2.5%
Motor vehicles	25%
Furniture and Fittings	12.5%
Computers`	30%
Office Equipment	12.5%

A full year depreciation charge is recognised in the year of asset purchase. Depreciation charge is not recognised in the year of disposal.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of

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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.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial

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assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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Financial liabilities

Classification

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

k) 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.

Inventories (Continued)

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 entity.

l) 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

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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.

m) Social Benefits

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

n) Nature and purpose of reserves

The Polytechnic creates and maintains reserves in terms of specific requirements. The Polytechnic maintains Capital and Revenue reserves.

o) 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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p) Employee benefits

Retirement benefit plans

The Polytechnic provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

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

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t) Service concession arrangements

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

u) 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 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) 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, 2025.

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5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Polytechnics 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 Entity 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 Entity. 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.

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 (Continued)

6. Transfers From Other National Government Entities

Description	2024-2025 KShs	2023-2024 KShs
Unconditional Grants		
Capitation Grants	76,306,076	74,814,500
Operational Grant	-	500,0000
TVET Scholarship	9,397,268	20,338,110
Total unconditional Grants	85,703,344	95,652,610
Conditional Grants amortised/ recognised in revenue		
Other Organizational Grants		-
Total Government Grants and Subsidies	85,703,344	95,652,610

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY 23-24
	KShs	KShs	KShs	KShs	KShs
Ministry of Education, State Department of TVET	85,703,344	-	-	85,703,344	95,652,610
Total	85,703,344	-	-	85,703,344	95,652,610

The details of the reconciliation have been included under appendix III

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Notes to the Financial Statements (Continued)

7. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	KShs	KShs
PEP Grants	-	2,312,790
Total Grants from Development Partners	-	2,312,790

(a) Reconciliations of grants from donors and development partners

Description	2024-2025	2023-2024
	KShs	KShs
Balance unspent at beginning of year		470,020
Current year receipts	-	2,312,790
Conditions Met	-	2,782,810
Conditions yet to be met - Remain Liabilities	-	-

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Notes to the Financial Statements (Continued)

8. Rendering of Services

Description	2024-2025	2023-2024
	KShs	KShs
Activity Fees	38,858,683	31,904,651
Industrial Attachment Fees	23,206,402	24,480,140
Library Fees	71,134	146,325
Training Materials	13,236,725	22,708,671
Registration Fees	2,016,500	3,621,030
Electricity water & conservancy	34,348,150	29,753,046
Personnel emolument	114,475,462	102,845,450
Repairs Maintenance & Improvement (RMI)	25,419,200	18,055,768
Local Transport and Travel (LT&T)	34,706,557	28,628,356
Application Fees	1,495,600	1,007,060
Exam materials External exam processing	19,609,723	6,210,050
Boarding fees	19,571,161	21,895,023
Centre fees	4,915,100	3,407,100
KNEC registration passports	1,871,150	1,285,500
Student ID & Boarding pass	2,959,910	2,899,750
KUCCPS Registration fee	2,663,740	4,321,500
Bakery & Hospitality class sales	-	1,009,498
Development levy	387,000	8,511,000
Students medical & meal card	82,535	71,965
Charges for damages	1,759,070	96,291
Supplementary exams	34,350	81,700
ICT and Internet	3,114,235	6,190,000
Certificate storage, & lost documents	100,500	115,100
Tuition fees, part time courses	324,058,803	289,400,953
Driving School Training Fees	6,639,550	4,886,000
Graduation Income	2,059,500	2,101,660
TVETA Registration fee	1,893,500	786,000
Driving School Application Fees	200,900	-
Assessment Fees	7,552,500	-
KNEC Examination Fees	33,046,840	-
CDACC Assessment Fee	64,468,416	-
Student Council Fees	8,139,556	-
Less Capitation & Scholarships	-85,703,344	-95,152,610
Total Rendering of Services	707,259,108	521,266,978

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Rendering of services consists of fees charged to students for training as per the various vote heads in the fee structure.

9. Sale of Goods

Description	2024-2025	2023-2024
	KShs	KShs
Sale of Farm Produce	78,030	170,860
Cafeteria sales	24,292,752	11,018,128
Bakery & hospitality class sales	877,405	-
Environmental & Safety Affairs	161,630	-
Sale of Coffee	133,500	-
Total Revenue from Sale of Goods	25,543,317	11,188,988

The revenue is in relation to sale of farm produce, tree seedlings and catering sales

10. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	KShs	KShs
Hire of Facilities, grounds	87,000	88,828
Hire of transport	86,500	167,900
Hire seminar facilities	25,976,810	31,698,221
Total	26,150,310	31,954,949

This revenue is from hiring of facilities and equipment to external parties for use majorly for conferences and workshops.

11. Finance Income

Description	2024-2025	2023-2024
	KShs	KShs
Cash investments and fixed deposits	9,973,470	12,585,600
Total finance income	9,973,470	12,585,600

Finance income is revenue realised from interest earned on 3 months fixed deposits from commercial banks

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Notes to the Financial Statements (Continued)

12. Miscellaneous Income

Description	2024-2025	2023-2024
	KShs	KShs
Sewer bill reimbursement	360,000	300,000
Rent income	1,442,700	487,745
Income from disposal of assets, grass, empty container	38,220	330,720
Miscellaneous income	4,243,823	710,969
Open Day	141,600	96,580
Research Conference	-	57,170
Centre fees and Meals -PSC	-	531,100
Penalties and Fines	1,300	-
Building & Civil Engineering Department IGU	4,000	-
CICAN Staff Training	6,219,000	-
Car Wash Income	10,800	-
RPL Training Fees	363,100	-
Modularization Training	150,000	-
Total other income	12,974,543	2,514,284

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Notes to the Financial Statements (Continued)

13. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Teaching and learning materials	40,296,444	41,129,048
Industrial attachment costs	157,040	3,462,510
Electricity	10,411,625	11,208,311
Water	9,820,856	8,460,567
Security	8,765,280	5,914,470
Professional and consultancy services	-	1,946,885
Affiliation, Membership, Subscriptions fees	831,370	773,056.00
Advertising	8,838,008	6,720,905
Cleaning materials	2,906,283	3,516,514
Catering expenses	13,988,371	9,547,105
seminar food & boarding	15,334,319	14,032,134
Travelling and subsistence	19,649,092	19,709,024
Fuel and oil	9,408,152	11,006,483
Insurance	1,802,557	1,140,679
Licenses and permits	444,750	187,225
Office Printing and stationery	10,343,202	11,230,980
KNEC exam materials	25,134,617	13,122,863
Library Books purchases	239,615	5,555,163
Staff development and training	5,184,870	4,890,280
Telephone, postage expenses and airtime	1,848,946	1,550,206
Internet bills	7,210,560	7,297,560
Graduation expenses	3,054,403	2,927,529
Office and meeting Expenses	9,941,195	8,910,828
Sewerage bills	5,941,907	6,017,400
ISO Certification consultancy fee	585,700	2,005,490
Staff Uniforms	737,410	518,230
Bank charges	428,032	79,169
Workshops and seminars	12,471,617	6,905,680
TVET Fair & Robotics	1,686,107	1,294,548
Guidance & Counselling expenses	1,927,843	1,072,270
Performance contracting	700,046	5,700,772
Student medical	2,519,388	2,447,009
Newspapers and periodicals	624,054	373,430
Seminars - Staff Honoraria	-	3,645,884
Research and development	1,352,775	1,127,100

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Sports and games, Drama, Music & Students Clubs	17,636,755	14,597,003
Awards and motivation	7,746,350	5,042,680
Team building activities	9,022,400	2,548,200
KUCCPS & TVETA Registration	2,866,000	2,660,500
Welfare expenses	894,137	344,913
Educational trip	1,238,510	1,749,040
Prayer day	20,000	51,500
Baking Unit	845,552	429,100
Limuru TVC Operations	-	189,060
Lari TVC Costs	486,400	400,800
ICT Integration Systems	2,456,755	2,112,769
Open day expenses	1,839,216	5,487,924
Internal Audit Activities	122,500	-
Research Conference	708,364	1,956,547
B.O.G Internal Bursary	3,500,000	4,000,000
Driving School Expenses	1,197,016	2,972,757
Social Responsibility Activities	110,050	1,296,468
Audit fees	-	500,000
PSC Shortlisting Expenses	-	1,432,010
Customer Care Week Expenses	551,400	613,084
Renaming and logo change from KIST to KINAP	-	910,000
Environmental and Safety Affairs	1,957,581	2,755,810
Coffee Farm expenses	3,245,700	2,725,983
Landscaping	4,995,850	1,778,155
Legal Expenses	1,269,733	-
On-Job Training Levy	3,278,800	-
Car Wash Expenses	2,920	-
Agriculture Livestock Project (Piggery, Poultry & Cows) Expenses	1,208,380	-
Curriculum Development	2,905,000	-
Detergents Production Expenses	1,174,655	-
Agriculture Workshop Expenses	1,127,530	-
Branding the HODRYK Resource Centre	750,000	-
KNEC Examination Fee Expenses	28,517,080	-
CDACC Assessment Fee Expenses	39,605,700	-
Students Council Expenses	8,206,882	-
Total good and services	384,073,648	281,981,610

**THE KIAMBU NATIONAL POLYTECHNIC
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Notes to the Financial Statements (Continued)

14. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	99,214,073	74,476,438
Employee related costs - contributions to pensions, Housing levy, Nita Levy	6,497,592	3,757,248
Service Gratuity	107,032	160,620
Management Allowances	4,985,385	4,372,547
Employee Costs	110,804,082	82,766,853

15. Board/Council Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Council Expenses-Chairman Monthly Allowance	840,000	600,000
Council Expenses- Sitting Allowances	1,957,660	6,317,300
Council Expenses-Capacity Building	2,413,400	-
Council Expenses-Transport Allowances	428,000	-
Council Expenses-Travelling Allowances	2,291,000	-
Council Expenses - Induction	184,000	-
Total	8,114,060	6,917,300

16. Depreciation And Amortization Expense

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	62,331,504	52,732,360
Total depreciation and amortization	62,331,504	52,732,360

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17. Repairs and Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Property	33,836,069	28,333,690
Equipment and machinery	2,104,399	781,850
Vehicles	4,490,459	3,313,924
ICT maintenance	5,419,227	3,898,492
Removal & Replacement of Asbestos	-	6,171,999
Road Recarpeting & Expansion	4,921,889	3,147,315
New Tuition Block Reception	-	1,280,679
Establishment of Applied Science Workshop	-	1,493,730
Establishment of ICT Maintenance Workshop	252,388	2,033,955
Establishment of ICT Networking Workshop	3,900,000	-
Repairs For Support Staff Houses	4,459,536	-
Expansion of entrance Kiambu Rd to New gate	4,363,085	-
Enhancement of Drainage System	4,169,256	-
Completion of Road between Hostels and Perimeter Wall	2,336,821	-
Renovation of Conference rooms	1,265,100	-
Total Repairs and Maintenance	71,518,229	50,455,634

18. Contracted Services

Description	2024-2025	2023-2024
	KShs	KShs
Property valuations	182,000	4,157,960
Consulting fees	4,581,604	-
Total contracted services	4,763,604	4,157,960

19. Operating Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Borrowings (Amortized Cost) *	-	2,031,852
Tax Arrears	30,683,996	-
Total Finance Costs	30,683,996	2,031,852

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Notes to the Financial Statements (Continued)

20. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current Account	119,091,132	181,005,023
Fixed Deposits Account	100,000,000	120,000,000
Development Account	5,704,420	5,704,420
Others (Petty Cash & Till)	62,619	5,386,074
Project Funds for TTIs	2,868,766	2,877,491
Total Cash and Cash Equivalents	227,726,938	314,972,981

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Notes to the Financial Statements (Continued)

20 (A). Detailed Analysis of Cash and Cash Equivalents

		2024-2025	2023-2024
Financial Institution	Account number	KShs	KShs
a) Current Account			
Kenya Commercial Bank	1217851976	434,065	5,129,730
Cooperative bank	01129063992300	3,656,957	17,584,250
Housing Finance	2182423201	1,045,500	1,047,900
Kenya Commercial Bank	1217852204	35,040,663	13,512,105
Cooperative bank	01100063992300	78,629,947	143,501,568
Equity Bank	0640294156799	284,000	229,470
Sub- Total		119,091,132	181,005,023
b) Fixed Deposits Account			
Cooperative bank	01100063992300	100,000,000	120,000,000
Sub- Total		100,000,000	120,000,000
c) Development Account			
Cooperative bank	01139063992300	5,704,420	5,704,420
Sub- Total		5,704,420	5,704,420
d) Others (Specify)			
Petty Cash	-	26,790	20,844
Till (Safaricom)	7601760	35,829	5,365,203
Sub- Total		62,619	5,386,074
Project funds under new TTIs			
Kist Nachu TTI	01129371379700	746,524	750,928
Kist Lari TTI	01129371609800	965,867	970,187
Kist Gatundu TTI	01139063992302	390,745	390,745
Kist Limuru TTI	01139063992301	765,631	765,631
Sub- Total		2,868,767	2,877,491
Grand Total		227,726,938	314,972,981

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Notes to the Financial Statements (Continued)

21. Receivables from Exchange Transactions

21 (a) Current Receivables from Exchange transactions

Description	2024-2025	2023-2024
	KShs	KShs
Current Receivables		
Student Debtors	214,459,790	135,414,164
Sundry Debtors	10,617,230	8,876,677
Staff advances	535,000	520,000
Advance Payments-Bus Deposit	6,493,198	-
Total Current Receivables	232,105,218	144,810,841

21 (b) Long- term Receivables from Exchange transactions

Description	2024-2025	2023-2024
	KShs	KShs
Non-Current Receivables		
Electricity deposit c/f	504,463	504,463
Board of Trustees Account	1,993,932	1,993,932
Less: Impairment Allowance	-	-
Total		
Current Portion Transferred to Current Receivables	-	-
Total Non-Current Receivables	2,498,395	2,498,395
Total Receivables	234,603,613	147,309,236

21 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	92,972,733	39.6%	85,517,021	58.1%
Between 1- 2 years	56,126,446	23.9%	12,483,272	8.5%
Between 2-3 years	5,696,694	2.4%	11,691,740	7.9%
Over 3 years	79,807,740	34.1%	37,617,203	25.5%
Total (a+b)	234,603,613	100%	147,309,236	100%

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22. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Current Receivables		
Receivables from Mentoring Institutions		
KIST Nachu operations cost		
Balance b/f	731,740	731,740
Expenses incurred during the year		
Less Recovered during the year		
	731,740	731,740
KIST Lari operation cost		
Balance b/f	840,265	439,465
Expenses incurred on behalf during the year	486,400	400,800
Less Recovered during the year		-
	1,326,665	840,265
KIST Gatundu operation cost		
Balance b/f	1,117,660	1,117,660
Expenses incurred on behalf during the year		-
Less Recovered during the year		-
	1,117,660	1,117,660
KIST Limuru operation cost		
Balance b/f	5,316,785	5,127,725
Expenses incurred on behalf during the year	-	189,060
Less Recovered during the year		-
	5,316,785	5,316,785
Total Current Receivables	8,492,850	8,006,450

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22 (a) Aging Analysis on Receivables from Non-Exchange Transactions

Description	2024-2025		2023-2024	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	486,400	5.7%	589,860	7.4%
Between 1- 2 years	589,860	7.0%	551,723	6.9%
Between 2-3 years	551,723	6.5%	4,195,637	52.4%
Over 3 years	6,864,867	80.8%	2,669,230	33.3%
Total	8,492,850	100%	8,006,450	100%

23. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Central stores	775,452	1,236,830
Hospitality stores	608,607	1,581,491
Clinic stores	705,430	1,709,451
Housekeeping Stores	196,380	203,730
Baking stores	162,436	231,770
Catering stores	403,620	464,237
Academic departments and offices stores	4,600,423	-
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	7,452,348	5,427,509

24. Biological Assets

	2024-2025	2023-2024
	KShs	KShs
Animals: Dairy Cattle, Poultry	964,000	-
Total	964,000	-

This relates to cost of purchase of three cows and chicken.

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Notes to the Financial Statements (Continued)

25. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital In Progress	Total
Depreciation Rate	-	2.5%	25%	12.5%	30%	12.5%	-	
Cost		KShs	KShs	KShs	KShs	KShs	KShs	KShs
At 1 July 2023	-	613,223,792	40,362,300	54,061,321	57,135,397	208,663,005	65,699,059	1,039,144,874
Additions	-	58,472,645	3,179,465	8,945,167	2,964,990	16,607,687	61,100,355	151,270,309
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	65,699,059	-	-	-	-	-65,699,059	-
At 30th June 2024	4,165,000,000	737,395,496	43,541,765	63,006,488	60,100,387	225,270,692	61,100,355	5,355,415,183
Additions	-	119,953,062	-	12,551,801	9,936,000	37,765,574	56,938,351	237,144,788
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	44,373,770	-	-	-	16,726,585	- 61,100,355	-
At 30th June 2025	4,165,000,000	901,722,328	43,541,765	75,558,289	70,036,387	279,762,851	56,938,351	5,592,559,971
Depreciation and impairment								
At 1 July 2023	-	30,655,305	18,598,794	23,322,663	37,997,830	81,016,820	-	191,591,412
Depreciation	-	17,668,505	5,440,877	4,960,478	6,630,767	18,031,734	-	52,732,361
On Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30th June 2024	-	48,323,810	24,039,671	28,283,141	44,628,597	99,048,554	-	244,323,773
Depreciation for the year	-	21,334,963	4,875,524	5,909,393	7,622,337	22,589,287	-	62,331,504
On Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2025	-	69,658,773	28,915,195	34,192,534	52,250,934	121,637,841	-	306,655,277
Net book values								
At 30th June 2025	4,165,000,000	832,063,555	14,626,571	41,365,754	17,785,453	158,125,010	56,938,351	5,285,904,694
At 30th June 2024	4,165,000,000	689,071,686	19,502,095	34,723,347	15,471,790	126,222,138	61,100,355	5,111,091,411

WIP is the cost incurred in construction of the Hospitality Complex Phase I and Sports Fields Phase III as at 30th June 2025.

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The Land (LR 81/47) was valued by County Government of Kiambu, Department of Lands, Housing, Physical Planning in May 2024. These amounts were adopted in the financial statements on 30th June 2024.

25 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	KShs	KShs	KShs
Land	4,165,000,000	-	4,165,000,000
Buildings	901,722,328	69,658,773	832,063,555
Plant and Machinery	279,762,851	121,637,841	158,125,010
Motor Vehicles & Motorcycles	43,541,765	28,915,195	14,626,571
Computers & Related Equipment	70,036,387	52,250,934	17,785,453
Furniture and Fittings	75,558,289	34,192,534	41,365,754
Total	5,592,559,971	306,655,277	5,285,904,694

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26. Intangible Assets

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	13,336,600	12,401,600
Additions	3,856,000	935,000
At end of the year	17,192,600	13,336,600
Additions—internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	17,192,600	13,336,600

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Notes to the Financial Statements (Continued)

27. Trade and Other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	2,347,714		652,131	
Transfer to other institutions	2,868,767		2,877,491	
Total Trade and Other Payables	5,216,481		3,529,622	
Aging analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	2,347,714	45%	652,131	18.5%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	2,868,767	55%	2,877,491	81.5%
Total	5,216,481	100%	3,529,622	100%

28. Refundable Deposits from Customers/Students

Description	2024-2025		2023-2024	
	KShs		KShs	
Caution money	23,819,757		22,005,357	
Student Council	-		876,070	
Examination fees	-		6,904,890	
CDACC Assessment fees	-		9,652,600	
Other refundable deposits (NYS)	225,350		225,350	
Other refundable deposits (Retention Monies)	4,598,023		-	
Total Deposits	28,643,130		39,664,267	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	9,421,023	33%	21,971,510	55.4%
1-2 years	4,373,520	15.2%	4,373,520	11.1%
2-3 years	3,794,480	13.2%	3,569,130	9%
Over 3 years	11,054,107	38.6%	9,750,107	24.6%
Total	28,643,130	100%	39,664,267	100%

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Notes to the Financial Statements (Continued)

29. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
Library Construction grants	-	7,959,952
Total Deferred Income	-	7,959,952

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	KShs	KShs	KShs	KShs
Balance brought forward	7,959,952	-	-	7,959,952
Additions during the year	-	-	-	-
Transfers to capital fund	(7,959,952)	-	-	(7,959,952)
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Analysed as:

Description	Amount
	KShs
Current	-
Non- Current	-
Total	-

30. EMPLOYEE BENEFIT OBLIGATIONS

Retirement benefit Asset/ Liability

Recognition of Retirement Benefit Asset/ Liability

The Kiambu National Polytechnic contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 480 for lower earning limit and KShs. 3,840 for

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upper earning limit per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Jubilee Insurance Pension Fund. Employees contribute 5% while the employer contributes 8.34 % of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

31. Payments Received in Advance.

Description	2024-2025		2023-2024	
	KShs		KShs	
Fees received in advance	160,791,433		164,582,268	
Total	160,791,433		164,582,268	
Aging analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	27,682,474	17.2%	51,416,968	31.2%
1-2 years	51,416,968	32%	26,517,872	16.1%
2-3 years	26,517,872	16.5%	37,017,123	22.5%
Over 3 years	55,174,119	34.3%	49,630,305	30.2%
Total	160,791,433	100%	164,582,268	100%

32. Borrowings

Description	2024-2025		2023-2024	
	KShs		KShs	
Balance at beginning of the year			24,518,707	
External borrowings during the year			-	
Domestic borrowings during the year			-	
Repayments of external borrowings during the year			-	
Repayments of domestic borrowings during the year			24,518,707	
Balance at end of the year			-	

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33. Cash generated from operations.

	2024-2025	2023-2024
	KShs	KShs
(Deficit)/Surplus for the year period	195,314,969	196,432,630
Adjusted for:		
Depreciation	62,331,504	52,732,360
Increase in Inventory	(2,024,839)	(1,366,844)
Increase in Receivables	(87,780,776)	(52,872,320)
Increase/decrease)in trade and other Payables	1,695,583	357,053
Increase/decrease in Refundable deposits	(11,021,139)	(40,631,307)
Increase/decrease in Payments received in advance	(3,790,835)	51,416,968
Net Cash Flow from Operating Activities	154,724,467	206,068,540

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34. Financial Risk Management

The Polytechnic 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 management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount KShs	Fully performing KShs	Past due KShs	Impair ed KShs
At 30 June 2024				
Receivables from exchange transactions	144,810,842	144,810,842	-	-
Receivables from non-exchange transactions	8,006,450	8,006,450	-	-
Bank balances	314,975,381	314,975,381	-	-
Total	467,792,672	467,792,672	-	-
At 30 June 2025				

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Description	Total amount KShs	Fully performing KShs	Past due KShs	Impair ed KShs
Receivables from exchange transactions	234,603,613	234,603,613	-	-
Receivables from non-exchange transactions	8,492,850	8,492,850	-	-
Bank balances	227,726,938	227,726,938	-	-
Total	470,823,401	470,823,401	-	-

Financial risk management (continued)

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 company 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 student debtors.

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Polytechnics' directors, who have built an appropriate liquidity risk management framework for the management of the Polytechnics' 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 company 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.

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Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2024				
Trade Payables	-	652,131	-	652,131
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	7,959,952	7,959,952
Employee Benefit Obligation	-	-	-	-
Total	-	652,131	7,959,952	8,612,083
At 30 June 2025				
Trade Payables	-	2,347,714	-	2,347,714
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	2,347,714	-	2,347,714

**THE KIAMBU NATIONAL POLYTECHNIC
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**Notes to the Financial Statements (Continued)
Financial risk management (continued)**

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Polytechnic Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Risk, Audit and Compliance Committee) and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

The Polytechnic has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The Polytechnic manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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**Notes to the Financial Statements (Continued)
Financial risk management (continued)**

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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**Notes to the Financial Statements (Continued)
Financial risk management (continued)**

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	KShs	KShs
Revaluation Reserve	4,165,000,000	4,165,000,000
Retained Earnings	1,253,077,218	1,057,762,248
Capital Reserve	169,608,781	161,645,829
Total Funds	5,587,685,999	5,384,408,078
Total Borrowings	-	-
Less: Cash and Bank Balances	(227,726,938)	(314,972,981)
Net Debt/ (Excess Cash and Cash Equivalents)	227,726,938	314,972,981
Gearing	4.08%	5.85%

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35. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) KIST Board of Trustees
- iv) Key management;
- v) The Governing Council

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Notes to the Financial Statements (Continued)

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

Description	2024-2025	2023-2024
	KShs	KShs
Transactions with Related Parties		
a) Sales to related parties		
Sales of goods (farm produce) to Staff	78,030	170,860
Total	78,030	170,860
b) Grants /Transfers from the Government		
Grants from National Govt	85,703,344	95,652,610
Total	85,703,344	95,652,610
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for Employees	99,214,073	78,394,306
Extraneous allowances for management staff	4,985,385	4,372,547
Total	104,199,458	82,766,853
d) Key Management Compensation		
Board Expenses	8,114,060	6,917,300
Total	8,114,060	6,917,300

36. Contingent Assets and Contingent Liabilities

The Polytechnic has a pending court case relating to resumption of studies by student who was suspended by the Polytechnic for allegedly participating in a strike. The case is yet to be determined by the court.

37. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	KShs	KShs
Authorised for		-
Authorised and contracted for-Hospitality Complex Phase I	157,991,531	-
Total	157,991,531	

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38. Events After the Reporting Period

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

39. Ultimate and Holding Entity

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

40. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor during the financial year 2023/2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Long Outstanding Accounts Receivable	The management has written to the ministry requesting authority to offset of the amounts owed by the mentee institutions against the bank balances held at KINAP bank accounts	Partially Solved	30/6/2026



Mr. Sammy K. Waititu

Chief Principal

Date 24/10/2025

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Appendix II: Projects Implemented by The Kiambu National Polytechnic

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity: **State Department of Vocational and Technical training.**

Name of beneficiary entity: **The Kiambu National Polytechnic.**

Confirmation of amounts received by The Kiambu National Polytechnic as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	7/10/2024	19,958,225.84	0	19,958,225.84	Capitation Q1 FY 2024/2025
	6/10/2024	18,596,425	0	18,596,425	Capitation Q4 FY 2023/2024
	24/02/2025	37,751,425	0	37,751,425	Capitation Q2 FY 2024/2025
	4/10/2024	4,863,908.60	0	4,863,908.60	Scholarship grant FY 2023/2024
	4/10/2024	1,880,717.00	0	1,880,717.00	Scholarship grant FY 2023/2024
	4/10/2024	1,202,108.1	0	1,202,108.1	Scholarship grant FY 2023/2024
	4/10/2024	67,016.50	0	67,016.50	Scholarship grant FY 2023/2024
	29/10/2024	1,383,518.40	0	1,383,518.40	Scholarship grant FY 2023/2024
Total		85,703,344		85,703,344	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Beneficiary Entity:

Name MARY MUKUNDI Sign [Signature] Date 24/10/2025

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Appendix IV: Reporting of Climate Relevant Expenditures

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

The Polytechnic did not incur climate relevant expenditure during the year