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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ELDORET NATIONAL POLYTECHNIC**

**FOR THE YEAR ENDED
30 JUNE 2014**





THE ELDORET NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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

I. THE ELDORET NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT

(a) Background information

The Eldoret Polytechnic was established as per the legal notice No. 120 in the Kenya Gazette Supplement No. 30 dated 8th May 1987 under the Education Act(Cap. 211) conferring the Minister then to make an order establishing the Governing Council of Governors of Eldoret Polytechnic referred to as -THE EDUCATION(GOVERNING COUNCIL OF GOVERNORS) (ELDORET POLYTECHNIC), ORDER, 1987. Subsequent to this order, the institution changed status as per Kenya Gazette Legal Notice No.114 dated 22nd August, 2014 for THE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING ACT (no. 29 of 2013) which states:

IN EXERCISE of the powers conferred by section 26 (2) of the Technical and Vocational Education and Training Act, 2013, the Cabinet Secretary for Education Science and Technology makes the following Order:- THE ELDORET NATIONAL POLYTECHNIC ORDER, 2014 hence recognizing the governing council as responsible, for the general policy and strategic direction of the The Eldoret National Polytechnic.

(b) Principal Activities

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

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

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

12. To harmonize admission criteria to meet Quality assurance standards; and
13. To promote and establish collaboration, linkages and networking with other institutions.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Josphat K. Sawe
2.	Deputy Principal (Admin)	Reuben Kosgei
3.	Deputy Principal (Academics)	Josphat Kipkemboi
4.	Registrar	Isaac Kipkoech Kilach
5.	Dean of Students	Dr. Rosbellah Chukwu
6.	Finance Officer	Richard K. Sang

(e) Fiduciary Oversight Arrangements

During the year under review, the Polytechnic had the following oversight committee

1. Finance committee activities
2. Disciplinary Committee

(f) The Eldoret National Polytechnic Headquarters is domiciled at Eldoret Town along Eldoret- Kisumu road and its postal address is

P.O. Box 4461 code 30100
Kisumu Road
Eldoret, KENYA

(g) The Eldoret National Polytechnic Contacts

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

(h) The Eldoret National Polytechnic Bankers

1. National Bank of Kenya Ltd

Eldoret Branch
P.O. Box 3111 code 30100
Eldoret, Kenya

2. Co-operative Bank of Kenya Ltd

Eldoret Branch
P.O. Box 2948 code 30100
Eldoret, Kenya

3. Equity Bank Ltd

Eldoret Supreme Branch
P.O. Box 75104 code 00200
Nairobi, Kenya

4. Kenya Commercial Bank Ltd

Eldoret West
Branch
P.O. Box 5197 code 30100
Eldoret, Kenya

(i) Independent Auditors



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

(j) Principal Legal Advisers

1. Andambi & Co. Advocates
KVDA Plaza, 3rd Floor
P.O Box 6760 code 30100
Eldoret, Kenya

2. Z.K Yego & Co. Advocates
Saito Centre, 3rd Floor
P.O Box 6760 code 30100
Eldoret, Kenya

II. The Governing Council

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



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

- Chairman Audit & Risk committee

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



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

- Member Infra structure committee

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



Victoria Chebseba,
LLB(Hons)-Moi

- Member Infra structure committee

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



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

- Member Infra structure committee

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



Prof. Peter Okemwa, PhD.

- Member Infra structure committee

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



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

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

Mr Patrick Mbehi Stom was born on 6th April, 1981. He is an accountant and a financial analyst. He works in the department of Government Investment and Public Enterprises at The National Treasury. He holds a Bachelor degree in Business Administration (Accounting option) from Moi University. Certified Public Accountants of Kenya. Certified Securities and Investment Analysts Part II and he is currently pursuing a Masters of Science degree in Finance at Jomo Kenyatta University of Technology. Mr. Stom is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) with wealth of experience in Public Sector Financial Management. He has undertaken several work improvement skills, development training, workshops and seminars on management and governance.



**Eng. Claude Kirwa
Busienei,**

Msc(Civil Engineering),
Bsc(Civil Engineering)

- Chairman, Infra structure committee

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

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



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

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

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





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

- Principal/ Secretary
Governing Council

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

III. Management Team

I. Key manager's passport-size photo, name and key profession/academic qualifications	Description of each Officer's date of birth, key qualifications and work experience.
 <p>Josphat K. Sawe, Med(Baraton), Bed(CUEA), Diploma (Education)</p> <ul style="list-style-type: none"> Principal/ Secretary Governing Council 	<p>Josphat was born on 12th December, 1958. He was the chief executive officer of the polytechnic serving as the principal and secretary to the Governing Council with effect from January 2013. He has a wealth of experience in Education Management having served as a principal in various institutions. He has been a deputy principal, head of department at Primary teacher training college and a teacher in high school. He has a masters degree in Education from the University of East Africa, Baraton. He attained his Bachelors degree in Education from Catholic University and also has a diploma in Education.</p>
 <p>Reuben Kiprotich. Kosgei, MPhil(Moi), Bed(Moi)</p> <ul style="list-style-type: none"> Deputy Principal (Administration) 	<p>Reuben was born on 5/3/1967. He was the deputy principal administration with effect from January 2013 and has master of philosophy in Technology Education.(Building construction option) and Bachelors degree from Moi university. Mr Kosgei has experience in technical vocational education and training (TVET) with over 22 years experience as a trainer, examiner .Principal and deputy principal.</p>



Josphat K. Kipkemboi,

MPhil(Moi), Bed(K.U)

- Deputy Principal - Academics

Josphat was born on 31st December, 1964 . He was the Deputy principal in charge of academic affairs with effect from January 2013. He is currently pursuing his PhD in agriculture economics and resource management in Moi University where he also attained his masters degree in agriculture economics and resource management . He has a bachelors degree in education from Kenyatta University. Mr.Kipkemboi has vast experience in education management for a span of 25 years including having been a Principal and a Dean of Students.



Isaac Kipkoech Kilach, Bed(science)

University of Nairobi

- Registrar

Mr. Kilach was the registrar with effect from 2006 and was born on 14th September, 1956. He attended Kenyatta University College then under University of Nairobi and graduated with Bachelors in Education science option. He has been a teacher and a Principal in Various Public schools and also a lecturer at Tambach Teachers Training College before joining Eldoret Polytechnic as a registrar. He has vast experience in education management and curriculum development.



Dr. Rosebella Cheptoo Chukwu, PhD

- **Dean of students**

Rosbella was born on 11th November, 1966. She was the Dean of students with effect from January 2013 and has a Ph.D in Disaster Management and Humanitarian assistance from Masinde Muliro University. She also obtained her masters degree in Business Administration from the same university. She has a post graduate diploma in Education and a bachelor of Arts in Economics, English and Home science. Dr. Chukwu has vast experience in education management and also is a member of Board of Governors in various learning institutions.



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

- **Finance Officer**

Mr. Sang was born on 31st December, 1966. He was the finance officer with effect from 18.6.2012 and he graduated from the University of Nairobi having trained in Bachelor of Commerce(Accounting Option). He also has MBA(Finance) degree from Moi University. Mr. Sang is a member of ICPAK and ICPSK. He has been in accountancy field for more than 30 years.

IV. CHAIRMAN'S STATEMENT

I am delighted to present this financial report for the year ended 30th June, 2014.

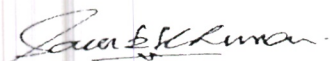
As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the vision of the institution of being a centre of excellence in technological advancement may be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial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

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

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

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

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



DATE: 6th September, 2016

CHAIRMAN OF THE GOVERNING COUNCIL

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

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

With the guidance of the Governing Council, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership, the Polytechnic Governing Council was also in the forefront in ensuring that financial resources are utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Polytechnic nevertheless continued to discharge its mandate of teaching, research and outreach successfully which included the signing of a memorandum of understanding in the year 2012 to collaborate with the University of Illinois in the state of Illinois, U.S.A which was consummated by my visit to the same University together with the Head of Department for Research and Development in April 2014.

The main source of funding to the Polytechnic during this period under review was the Exchequer with a contribution of a total of **Kshs.96,345,000** for recurrent expenditure purposes. Internally generated revenue from Fees was **Ksh.160,490,688**. In the Financial year under review hire of facilities was another major source of funding. In a nutshell, the Polytechnic realized an aggregate sum of **Kshs.256,835,688** in revenue during the year. The recurrent expenditure stood at **Kshs 262,298,121** and the Polytechnic closed the year with a deficit of **Kshs.5,462,433**.

Under the Capital development Exchequer allocations, the Polytechnic received a total of **Kshs.40,500,000** for physical and infrastructure development during the year. This was half the approved allocation of **Ksh. 81,000,000**. The amount was expended in construction of the on-going Capital projects namely; Institutional, Hospitality and Consumer Science Lab project, Kitchen Annex, Science Lab and Renovation of existing Buildings. I wish to report that construction works on these projects progressed well during the year and that all of them are expected to be completed in the 2014/2015 financial year.

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

The Eldoret National Polytechnic Financial Statements for the year ended 30th June, 2014

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

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



Mr. Josphat K. Sawe
PRINCIPAL

Date: 6th September, 2016

VI. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

- **Research with impact**

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

- **Socially responsible graduates**

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

- **Engaging our communities**

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

- **Responsible processes**

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

- **Environmental sustainability**

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

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

VIII. REPORT OF THE GOVERNING COUNCIL

The Governing Council submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the *The Eldoret National Polytechnic's* affairs.

Principal activities

The principal activities of the The Eldoret National Polytechnic are:

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

(n) develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;

(o) provide programmes, products and services in ways that reflect the principles of equity and social justice;

(p) facilitate student mobility between different programmes at different technical training institutions, national polytechnics and other National Polytechnics;

(q) conduct examinations for and grant such academic awards as provided under this Order;

(r) collaborate with recognized universities for the conduct and award of degree programmes in technology.

(2) The National Polytechnic shall have powers to grant higher diplomas, diplomas, certificates, or other academic qualifications which may, for the time being, be authorized by the Academic Policy of the National Polytechnic.

(3) Subject to TVET Order, the National Polytechnic may award scholarships, bursaries and prizes and make other awards which may be provided for by the Academic Policy.

Results

The results of the The Eldoret National Polytechnic for the year ended June 30, 2014 are set out on page 1 to 5

The Eldoret National Polytechnic Financial Statements for the year ended 30th June, 2014

Governing Council

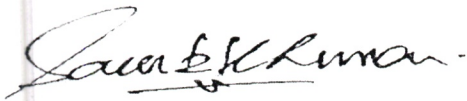
The members of the Governing Council who served during the year are shown on page v-x In accordance with Cabinet Secretary, Ministry of Education, Science & Technology approval .

Auditors

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

No other auditors were appointed.

By Order of the Governing Council



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Amb. Samson K. Chemai

Chairman, Governing Council
Eldoret

Date: 6th September, 2016

IX. STATEMENT OF GOVERNING COUNCILS' RESPONSIBILITIES

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

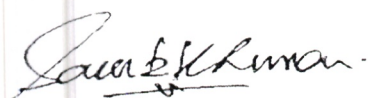
The Council are responsible for the preparation and presentation of the *The Eldoret National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *The Eldoret National Polytechnic* for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of The Eldoret National Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of *The Eldoret National Polytechnic*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for *The Eldoret National Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accruals, and in the manner required by the Public Finance Management Act, 2012 and Technical, Vocational Education & Training Act, 2013. The Council are of the opinion that *The Eldoret National Polytechnic's* financial statements give a true and fair view of the state of *The Eldoret National Polytechnic's* transactions during the financial year ended June 30, 2014, and of *The Eldoret National Polytechnic's* financial position as at that date. The Council further confirm the completeness of the accounting records maintained for *The Eldoret National Polytechnic*, which have been relied upon in the preparation of *The Eldoret National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

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



Council Chairman



Secretary, Governing Council

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ELDORET NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Eldoret National Polytechnic set out on pages 1 and 24, which comprise the statement of financial position as at 30 June, 2014, 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

Report of the Auditor-General on Eldoret National Polytechnic for the year ended 30 June 2014

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

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

Basis for Adverse Opinion

1.0 Exchequer Grants

The statement of financial performance reflects exchequer grants figure of Kshs.96,345,000 being transfers from the Ministry of Education, Science and Technology. Although the amount was received by the Polytechnic, no documentary evidence such as exchequer notification or Authority to Incur Expenditure (AIE) were availed for audit verification. Under the circumstances, the accuracy and completeness of the grants balance for the year ended 30 June 2014 could not be confirmed.

2.0 Production Unit Allowances

Included in employee costs balance of Kshs.104,811,521 reflected in the statement of financial performance for the year ended 30 June 2014 is part time claims amounting to Kshs.39,543,670 out of which Kshs.4,745,998 was in respect of production unit allowances as shown below:

Date	REF	Received/ Paid to	Cheque No.	Gross Pay (Kshs)	Actual Tax Charged (Kshs)	Net Pay (Kshs)
21-Jan-2014	1207	Health Science Department	010262	Not provided	Not provided	1,428,974.60
10-Sep-2013	456	National Bank	010172	4,738,604.28	1,421,581.28	3,317,023.00
				4,738,604.28	1,421,581.28	4,745,997.60

However, it is not clear, and the management has not explained if the allowances paid were based on any contractual terms between the Polytechnic and those who were paid. Further, no documentary evidence or approval by the governing council in support of such payments was availed for audit review. Under the circumstances, the propriety of the production unit allowance of Kshs.4,745,998 could not be confirmed.

3.0 Town Campus Rents

The statement of financial performance further reflects rents expenses of Kshs.3,853,960 in respect of town campus premises which was not supported with lease agreement and hence it was not possible to ascertain actual rent payable. Further, there is no evidence that the Polytechnic sought valuation/technical advise from the Ministry of Public works before leasing the premises. In the circumstances, the propriety of the expenditure of Kshs.3,853,960 could not be confirmed.

4.0 Receivables from Exchange Transactions

4.1 Aging Analysis

The statement of financial position reflects receivables from exchange transactions balance of Kshs.107,455,311 as at 30 June 2014. However, the aging analysis of the receivables was not availed for audit verification. Under the circumstances, it was not possible to confirm the completeness, accuracy and how long the receivables balance had been outstanding.

4.2 Excess Disbursements

Included in the receivables from exchange transactions balance of Kshs.107,455,311 reflected in the statement of financial position are Eldoret Polytechnic Student Union and Sport Fund balances of Kshs.1,527,777 and Kshs.3,107,133 respectively. Records made available indicate that the Polytechnic collected funds for the Eldoret Polytechnic Student Union and Sport Fund of Kshs.2,464,313 and Kshs.16,899,723 respectively all totalling Kshs.19,364,036. However, disbursements totalling Kshs.23,998,947 were made to Eldoret Polytechnic Student Union and Sport Fund balances of Kshs.3,992,090 and Kshs.20,006,857 resulting to excess disbursements of Kshs.1,527,777 and Kshs.3,107,133 to the Eldoret Polytechnic Student Union and Sport Fund respectively. No explanation has been provided for disbursing funds in excess of the amount collected on behalf of Eldoret Polytechnic Student Union and Sport Fund.

5.0 Property, Plant and Equipment

5.1 Plant and Equipment

Note 18 to the financial statements reflects additions to plant and equipment of Kshs.30,301,215 relating to donations from the Ministry of Education, Science and Technology. Information made available revealed that the donations were accepted on 1 October 2014 after inspection, installation and testing of all the equipment. The donations therefore do not relate to the year under review. Further, valuation report for the donations was not availed for audit verification. Under the circumstances, the

validity and accuracy of additions to plant and equipment as at 30 June 2014 could not be ascertained.

5.2 Computers, Printers and Copiers

Note 18 to the financial statements reflects computer, printers and copier balance of Kshs.13,384,452 as at 30 June 2014. However, as reported in the previous year, the figure excludes an amount of Kshs.9,970,000 being cost of Management Information System(MIS) facility procured in June 2010 from a Nairobi based consultant. The consultant was on 24 June 2010 issued with an LPO No. L41919 for the supply, installation and commissioning of MIS and was subsequently paid a down payment of Kshs.6,010,000. According to available records, the system was to have eleven (11) modules comprising of: Students module, Exam module, Human Resource module, Finance module, Hostel, Library, Stores, Hotel, Planning, Dispensary and Farm module. However, the tender documents including, tender evaluation minutes and contract agreement were not provided for audit review. It was also not possible to establish how the consultant was identified and awarded the contract. This is contrary to Section 29 of the Public Procurement and Disposal Act, 2005 which requires the entity to use open tendering for works and services with expenditure above Kshs.4,000,000 and Kshs.2,000,000 respectively. It appears that the procurement was single-sourced contrary to the law. Further, in the absence of the contract document, the validity of the contract agreement could not be ascertained.

Also, available information showed that the consultant had been paid a total of Kshs.6,010,000 or 60% of the total sum of Kshs.9,970,000 although the payment vouchers were not provided for audit review. No evidence was provided including certificate of work done and commissioning of the system to justify the payment contrary to Government Financial Regulations and Procedures. A review of the operations of the Polytechnic revealed that no system was installed and manual system is still in use. In the circumstances, the propriety of the payment of Kshs.6,010,000 could not be ascertained. Under the circumstances, the validity and accuracy of additions to computers, printers and copiers balance of Kshs.13,384,452 could not be confirmed.

5.3 Work in Progress

Note 18 to the financial statement reflects prior year adjustment balance of Kshs.51,484,383. The management has not provided support documents for this figure. Further, the work in progress balance of Kshs.95,334,920 as at 30 June 2014 includes addition of Kshs.15,900,585 relating to construction of institutional management building and kitchen and which has not been supported by a completion certificate. Under the circumstances, the accuracy and validity of work in progress figure of Kshs.95,334,920 could not be confirmed.

5.4 Motor Vehicles

Included in the additions of property, plant and equipment figure of Kshs.39,435,050 reflected in note 18 to the financial statements is Kshs.11,369,560 relating to purchase of motor vehicles against a budget of Kshs.6,500,000 resulting to an over expenditure of Kshs.4,869,560. However, the management has not provided approval of the over-expenditure of Kshs.4,869,560. Under, the circumstances, the propriety of additions to motor vehicles balance of Kshs.11,369,560 could not be confirmed.

6.0 Biological Assets

The statement of financial position as at 30 June 2014 reflects biological assets figure of Kshs.6,557,700. However, the method and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets has not been disclosed in the financial statements as required by Paragraph 13 of the International Public Sector Accounting Standards (IPSAS) 27 which stipulates that an entity shall disclose the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets.

Under the circumstances, the existence and valuation of biological assets balance of Kshs.6,557,700 could not be confirmed.

7.0 Trade and Other Payables from Exchange Transactions

7.1 Trade Creditors

Included in trade and other payables from exchange transactions balance of Kshs.102,459,931 reflected in the statement of financial position are trade creditors of Kshs.41,019,795 which include Kshs.30,542,256 that has been outstanding for more than 90 days. No reason has been provided for the delay in settlement of these liabilities. Further, the figure varies with the aging analysis total figure of Kshs.36,318,644 resulting to a variance of Kshs.4,701,151 and which has not been explained or reconciled.

7.2 CDF Bursaries

The trade and other payables from exchange transactions balance of Kshs.102,459,931 also include an amount of Kshs.4,898,262 in respect of CDF Bursaries received from various Constituencies Development Funds (CDF) towards payment of fees which had not been receipted. No explanation has been provided for the failure to receipt CDF bursaries.

7.3 Examination Fund

The trade and other payables from exchange transactions balance of Kshs.102,459,931 further include examination fund balance of Kshs.4,274,925. However, no documentary evidence in support of the examination fund figure of Kshs.4,274,925 was availed for audit verification.

7.4 MOE Grant for Ziwa Technical Training Institute

The trade and other payables from exchange transactions balance of Kshs.102,459,931 also include an amount of Kshs.7,970,829 in respect of grants received from Ministry of Education, Science and Technology for the construction of Ziwa Technical Training Institute. However, no documentary evidence was availed to support this figure.

7.5 MOE Grant for Bomet Campus

The trade and other payables from exchange transactions balance of Kshs.102,459,931 also includes an amount of Kshs.27,743,334 in respect of grants received from Ministry of Education, Science and Technology for the construction of an electrical workshop at Bomet Campus. However, no documentary evidence was availed to support this figure. Under the circumstances, the validity and accuracy of trade and other payables from exchange transactions balance of Kshs.102,459,931 could not be confirmed.

8.0 Bank Overdraft

The statement of financial position as at 30 June 2014 reflects bank overdraft balance of Kshs.11,554,981 as shown below:

Account Name	Bank	Account Number	Amount (Kshs)
Farm Account	National Bank	01021027668103	425,843
College Fund	National Bank	01021027668101	11,129,138
Total			11,554,981

However, there were no documentary evidence availed to confirm that the overdraft had been approved by the Governing Council and Cabinet Secretary for Finance. The management explained that the overdraft relates to overdrawn cashbooks balances. However, the cashbooks were not availed for audit verification. Under the circumstances, the accuracy and validity of bank overdraft balance of Kshs,11,554,981 as at 30 June 2014 could not be confirmed.

9.0 Borrowings

The statement of financial position as at 30 June 2014 reflects borrowings of Kshs.9,095,000 which has been explained in note 23 as financing loan from National Bank of Kenya for the purchase of two motor vehicles. However, no letter of approval from the National Treasury was availed in support of the loan as per Section 52(2) of the Public Finance Management Act, 2012 and which requires a National entity to obtain approval of the Cabinet Secretary for the intended program, refinancing and repayment. Under the circumstances, the validity of the borrowings balance of Kshs.9,095,000 as at 30 June 2014 could not be confirmed.

10.0 G.O.K Grants

The statement of changes in net assets for the year ended 30 June 2014 reflects G.O.K Grants of Kshs.179,706,446 which include Kshs.40,500,000 being transfers from the Ministry of Education, Science and Technology. However, no documentary evidence such as exchequer notification or Authority to Incur Expenditure (AIE) were availed for audit verification. Further, prior year adjustment figure of Kshs.36,173,554 has not been supported.

11.0 Statement of Cash Flows

11.1 Net Inflows/Outflows from Operating Activities

The statement of cash flows reflects adjustment for provisions during the year of Kshs.4,295,572 which varies with the increase in provision for the year of Kshs.3,795,578 resulting to unexplained variance of Kshs.499,999. Further, the statement reflects changes in inventories of Kshs.15,335,884 which vary with the computed figure of Kshs.14,998,384 resulting to a variance of Kshs.337,500 which has also not been explained.

11.2 Cash Flows from Investing Activities

The cash flow statement also reflects adjustment for transfer of assets (WIP) of Kshs.39,786,281 under cash flows from investing activities, which was not supported. In the circumstances, the validity and accuracy of the statement of cash flows could not be confirmed for the year ended 30 June 2014.

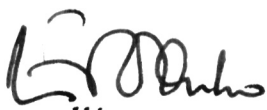
12.0 Principal Legal Advisers

Paragraph j of the Eldoret National Polytechnic Information and Management included in the financial statement indicate that Andambi and Company Advocates and Ms Z.K Yego and Company Advocates are the Principal legal advisers to the Institution. However, there was no documentary evidence availed to confirm that the Attorney

General was consulted in the identification of these advocates which as stipulated in the Office of the Attorney General Circular referenced AG/6/D/144 Vol I of 2 October 2014 which stipulates that the Attorney General has the monopoly of representing the Government in all legal matters and where need arises for engagement of private advocates, the Attorney- General must be consulted for approval and issuance of no objection. Similarly, all legal fees payable to any private advocate or law firm under such an arrangement must be approved and authorized by the Attorney-General and shall be paid by the requesting institution. The Polytechnic therefore appointed private legal advisors in breach of the law.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Eldoret National Polytechnic as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013.



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

Nairobi

28 December 2016

XI. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

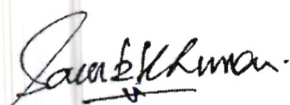
	NOTE	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
Exchequer grants	3	96,345,000	100,000,000
		96,345,000	100,000,000
Revenue from exchange transactions			
Tuition fees & Other incomes	4	154,397,134	134,945,042
Rental revenue from facilities and equipment	5	1,157,780	1,137,080
Other income	6	4,935,774	1,739,398
		160,490,688	137,821,520
Total revenue		256,835,688	237,821,520
Expenses			
Employee costs	7	104,811,521	70,699,005
Remuneration of Governing Council members	8	865,796	2,099,940
Depreciation and amortization expense	9	35,617,073	23,765,193
Repairs and maintenance	10	5,616,379	4,980,834
Administration & Central service expenses	11	98,282,293	111,421,879
Rents	12	3,853,960	13,298,380
Marketing expenses	13	8,913,067	2,521,409
Provisions	22	4,295,578	500,000
Finance cost	25	42,454	-
Total Expenses		262,298,121	229,286,640
Other gains/(losses)			
Gain on sale of assets	-	-	-
Surplus/(deficit) before tax		(5,462,433)	8,534,880
Taxation	-	-	-
Surplus/(deficit) for the year		(5,462,433)	8,534,880

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

XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

Assets	NOTES	2014	2013
Current assets		Ksh	Ksh
Cash and cash equivalents	14	38,625,393	54,592,820
Receivables from exchange transactions	15	107,455,311	77,005,777
Inventories	16	5,350,102	20,348,486
		151,430,807	151,947,083
Non-current assets			
Property, plant and equipment	18	1,150,935,747	1,168,300,938
Biological assets	17	6,557,700	6,454,850
		1,157,493,447	1,174,755,788
Total assets		1,308,924,253	1,326,702,871
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	102,459,931	117,330,147
Bank Overdraft	20	11,554,981	1,319,201
Refundable deposits from customers-caution money	21	1,288,689	2,229,066
Provisions	24	1,080,000	500,000
		116,383,601	121,378,414
Non-current liabilities			
Borrowings	23	9,095,000.00	-
		-	-
Total liabilities		125,478,601	121,378,414
Net assets		1,183,445,652	1,205,324,457
Revaluation Reserves		919,578,817	970,622,850
Revaluation Reserve(Donated assets)		30,301,215	-
Accumulated surplus		53,859,174	59,321,607
G.O.K Exchequer grants		179,706,446	175,380,000
Total net assets and liabilities		1,183,445,652	1,205,324,457

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governing Council by
on 6th September, 2016:



Chairman, Governing Council



Secretary, Governing Council

XIII.

STATEMENT OF CHANGES IN NET ASSETS**For the year ended 30 June 2014**

Attributable to the entity entrusted in controlling The Eldoret National Polytechnic

	Reserves				Total
	Revenue	Revaluation	G.O.K grants	Donated asset	
	reserve	reserve		moest	
Kshs	Kshs	Kshs		Kshs	
Balance as at 30 JUNE 2013	59,321,607	970,622,850	175,380,000	-	1,205,324,457
Surplus/(deficit) for the period	(5,462,433)	-	-	-	(5,462,433)
Adjustment/General journal	-	-	-	-	-
Prior year adjustment on WIP & gok grants	-	(51,484,383)	(36,173,554)	-	(87,657,937)
Exchequer grant	-	-	40,500,000	-	40,500,000
Revaluation of Biological assets	-	440,350	-	-	440,350
Revaluation Reserve(Donated assets)	-	-	-	30,301,215	30,301,215
Balance as at 30 JUNE 2014	53,859,174	919,578,817	179,706,446	30,301,215	1,183,445,652

XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30.6.2014

	2014 Ksh	2013 Ksh
Surplus/Deficit for the year	(5,462,433)	8,534,880
Adjustments for non-cash income and expenses		
Prior year ledger adjustments	-	(242,542)
Adjustments for :-		
Provisions during the year	4,295,577	-
Finance cost	-	-
Depreciation	35,617,073	23,765,193
	34,450,217	32,057,531
CHANGES IN WORKING CAPITAL		
Changes in Inventories	15,335,884	(20,348,486)
Changes in Accounts Receivable	(30,449,534)	37,592,763
Changes in Accounts Payable	(14,870,215)	50,419,877
Changes in refundable deposits from customers	(940,377)	-
Changes in biological assets	(102,850)	-
	(31,027,093)	67,664,154
Net Inflows/Outflows from Operating Activities	3,423,124	99,721,685
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Non-currents assets	(39,435,050)	(227,898,131)
Adjustment for Transfer of assets (W.I.P)	(39,786,281)	-
Net cash flows from investing activities	(79,221,331)	(227,898,131)
CASH FLOWS FROM FINANCING ACTIVITIES		
Government Development Grants	40,500,000	175,380,000
Asset Financing Term loan (NBK)/Repayment	9,095,000	-
Net cash flows from financing activities	49,595,000	175,380,000
Net increase/decrease in cash and cash equivalents	(26,203,206)	47,203,554
Cash and cash equivalents at the beginning of the year	54,592,819	14,428,725
Bank overdraft at the beginning of the year	(1,319,201)	(8,358,659)
Cash and cash equivalents at the end of the year:	27,070,412	53,273,620

XV.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 2013-2014

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Exchequer grants	96,345,000	-	96,345,000	96,345,000	-
Tuition fees & other incomes	228,800,751	-	228,800,751	154,397,134	(74,362,835)
IGU Income(Rental of facilities)	-	-	-	6,093,554	6,017,835
Total income	325,145,751	-	325,145,751	256,835,688	(68,345,000)
Expenses					
Compensation of employees(both teaching & non teaching staff)	126,691,323	-	126,691,323	104,811,521	21,879,802
Administration costs & Central services	152,294,905	-	152,294,905	103,898,672	37,969,215
Finance cost	-	-	-	42,454	-
Rent paid	2,400,000	-	2,400,000	3,853,960	(1,453,960)
Governing Council expenses	3,200,000	-	3,200,000	865,796	2,334,204
Marketing expenses	9,247,500	-	9,247,500	8,913,067	334,434
Provision for Audit fees	-	-	580,000	4,295,578	(580,000)
Provision for Depreciation	-	-	26,009,634	35,617,073	(26,009,634)
Total expenditure	293,833,728	-	294,413,728	262,298,121	34,474,061
Surplus/Deficit for the period	31,312,023	-	30,732,023	(5,462,433)	(33,870,939)

XVI. NOTES TO THE FINANCIAL STATEMENTS

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

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

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

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information – IPSAS 24

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

c) Taxes – IAS 12

Current income tax

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

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

Sales tax

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

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

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

d) Investment property – IPSAS 16

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

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

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

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

e) Property, plant and equipment – IPSAS 17

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

g) Intangible assets – IPSAS 31

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

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

i) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the

asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

- The major debtors or some of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

IPSAS 29.65

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

i) Inventories – IPSAS 12

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

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

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

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

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

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

j) Provisions – IPSAS 19

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

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

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

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

n) Foreign currency transactions – IPSAS 4

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

o) Borrowing costs – IPSAS 5

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

p) Related parties – IPSAS 20

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

q) Service concession arrangements – IPSAS 32

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

r) Cash and cash equivalents

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

s) Comparative figures

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

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

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

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

Estimates and assumptions

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) Subsequent events – IPSAS 14

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

v) Fixed assets and depreciation –IPSAS 17

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

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

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

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

v) Agriculture – IPSAS 27

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

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

- Agricultural activity means the management by the polytechnic of the biological transformation and harvest of biological assets

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

Recognition

A biological asset or agriculture produce was recognized only when

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

Basis for valuation

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

Dairy cows

All the cows were valued differently based on:

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

Dorper Sheep

The dorper sheep are valued based on the following:

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

Pigs (Large White)

Pigs are valued based on:

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

Poultry

The poultry is valued based on the following:

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

Crops

Crops are valued based on the following:

- Growth stage
- Acreage planted
- Inputs applied

3. Exchequer Recurrent grants	2013-2014	2012-2013
	Shs	Shs
Disbursements	96,345,000	100,000,000
Total	96,345,000	100,000,000

4. Tuition fees and other related income	2014	2013
	Kshs.	Kshs.
Tuition fees	106,434,723	83,863,580
Application fees	2,711,862	2,717,486
Attachment fees	5,065,075	4,153,345
Registration fees	2,942,415	2,730,275
Maintenance	2,080,700	7,594,910
Electricity & Water	2,420,540	3,212,811
Local Travel & Transport	4,201,495	4,979,626
Library levy	1,289,895	775,760
Internet Levy	2,267,780	1,826,345
Hostel & Catering	8,768,294	8,437,442
Tender fees and other misc. incomes	149,000	601,660
Medical fees	5,633,040	7,346,814
Personal Emoluments	9,397,035	6,704,988
Graduation Income	1,035,280	-
Total	154,397,134	134,945,042

5. Rental revenue from facilities and equipment	2014	2013
	Shs	Shs
Staff quarters rent	1,157,780	1,137,080
Total	1,157,780	1,137,080

6. Other income	2014	2013
	Shs	Shs
Receipts from sale of farm produce	1,734,775	1,739,398
Rental of physical facilities and services	3,125,280	-
Interest income	75,719	-
Total	4,935,774	1,739,398

7. Employee costs	2014	2,013
	Kshs.	Kshs.
Personal Emoluments	53,708,419	62,525,688
Other Allowances(Hse,leave & DIT Levy)	8,986,044	2,675,402
Gratuity Costs	1,176,088	-
Medical allowances	1,397,300	-
Part time teaching claims	39,543,670	5,316,940
Total	104,811,521	70,699,005

8. Remuneration of Governing Council	2014	2,013
	Ksh	Ksh
Governing Council Expenses	865,796	2,099,940
Total	865,796	2,099,940

9. Depreciation and amortization expense	2,014	2,013
	Shs	Shs
Property, plant and equipment	8,830,084	4,903,750
Buildings	9,119,165	7,435,600
Computers, Printers and Copiers	10,123,854	6,893,657
Furniture and fittings	1,951,580	1,782,186
Motor vehicles	5,592,390	2,750,000
Total	35,617,073	23,765,193

10. Repairs and maintenance	2014	2013
	Shs	Shs
Property and equipment	5,616,379	4,980,834
Total	5,616,379	4,980,834

11. Administrative and Central service costs	2014	2013
	Ksh	Ksh
Medical Expenses	1,929,042	3,003,266
Travelling, Transport & Accom. Exp.	26,422,617	21,117,020
Telephone Expenses	3,879,734	561,576
Electricity, Water & Conservancy	9,677,857	10,079,613
Graduation Expenses	2,928,058	3,770,698
Insurance Expenses	-	2,211,846
Sports	-	11,710,661
Postage	62,905	-
Bank Charges	776,182	1,483,723
Administrative costs	2,148,469	-
Fees, Commissions & Honoraria	3,839,797	-
Establishment costs	-	10,445,452
Hostel and Catering Expenses	15,254,492	18,604,465
Attachment Expenses	2,024,565	504,700
Tuition and related Expenses	29,338,575	27,928,859
Total	98,282,293	111,421,879

12. Rent Expenses	2014	2013
	Ksh	Ksh
Rent expense- town campus	3,853,960	13,298,380
Total	3,853,960	13,298,380

13. Marketing Expenses	2014	2013
	Ksh	Ksh
Advertising & Publicity	8,913,067	2,521,409
Total	8,913,067	2,521,409

14. Cash and Bank Balances

	Kshs.	Kshs.
	2014	2013
Cash-on-hand and in transit	9,062,930	458,130
Bank	29,562,463	54,134,691
Short-term deposits	-	-
Total cash and cash equivalents	38,625,393	54,592,821

Detailed analysis of the cash and cash equivalents

14 (a) Banks

Name of the Bank	Bank Account Number	2014
		Ksh.
National Bank of Kenya -Eldoret	01021027668102	314,815
National Bank of Kenya -Eldoret	01021027668103	-
National Bank of Kenya -Eldoret	01021027668104	47,908
National Bank of Kenya -Eldoret	01021027668105	17,819,129
National Bank of Kenya -Eldoret	01021027668106	2,106
National Bank of Kenya -Eldoret	0124027668100	10,081,315
Co-operative Bank of Kenya	01129441884400	726,776
Co-operative Bank of Kenya	01129441884401	570,414
Equity Bank	01640262813295	-
Kenya Commercial Bank	1159276706	-
Total		29,562,463

14. (b) Cash on hand and in transit

Form of cash holding e.g liquid cash, Mpesa, Tangaza, e.t.c	2014	2013
	Ksh.	
Hard Currency	29,135	
Money Orders & cheques	1,590,788	458,130
M-Pesa (Pay Bill No. 30425)	7,443,007	
Total	9,062,930	458,130

14.(c) Net Bank Balances

	2014	2013
	Ksh.	Ksh.
Total	27,070,412	53,273,620

15. Receivables from exchange transactions**Current Receivables:**

Amounts falling due within one year:-

	2014 Kshs.	2013 Kshs.
Students debtors	70,595,986	49,198,465
House Rent debtors	3,389,100	2,400,940
Staff P.U Advances	19,162,778	18,695,642
Staff salary advances	1,011,188	372,700
Staff Imprests	8,660,749	6,338,030
EPSU	1,527,777	944,905
Sports	3,107,133	-
Prepaid Examination fees to KNEC	600	-
Total	107,455,311	77,005,777

16. Inventories

Inventory Farm Stores(Stock)
Inventory Central Stores(Stock)
Total

	2014 Kshs.	2013 Kshs.
Inventory Farm Stores(Stock)	636,000	4,233,701
Inventory Central Stores(Stock)	4,714,102	16,114,785
Total	5,350,102	20,348,486

17. Biological assets**Group A**

Maize in Field
Fodder in Field
Vegetables
Sheep
Maize in store
livestock
Pigs
Poultry

Total

	2014 Kshs.	2013 Kshs.
Maize in Field	1,200,000	1,200,000
Fodder in Field	40,000	40,000
Vegetables	90,000	90,000
Sheep	-	673,000
Maize in store livestock	-	337,500
Pigs	4,997,000	2,776,000
Poultry	-	1,232,000
	230,700	106,350
Total	6,557,700	6,454,850

18. Property, Plant and Equipment Movement Schedule 2013-2014

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate	nil	2%	nil	12.50%	33.30%	12.50%	25%	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
As at 1st July,2012	520,000,000	371,780,000	-	39,230,000	8,271,000	13,887,000	11,000,000	964,168,000
Additions	-	-	215,096,973	-	12,430,673	370,485	-	227,898,131
Donations (moest)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 30 June,2013	520,000,000	371,780,000.00	215,096,973	39,230,000	20,701,673	14,257,485	11,000,000	1,192,066,131
Additions 2013-2014	-	-	15,900,585	1,109,461	9,700,290	1,355,154	11,369,560	39,435,050
Prior year adjustment(WIP)	-	-	(51,484,383)	-	-	-	-	(51,484,383)
Donations (moest)	-	-	-	30,301,215	-	-	-	30,301,215
Transfer adjustments	-	84,178,255	(84,178,255.0)	-	-	-	-	-
Bal as at 30 June,2014	520,000,000	455,958,255	95,334,920	70,640,676	30,401,963	15,612,639	22,369,560	1,210,318,013
Depreciation and impairment								
At 1st July 2012	-	-	-	-	-	-	-	-
Depreciation charged for the year	-	7,435,600	-	4,903,750	6,893,657	1,782,186	2,750,000	23,765,193
Impairment	-	-	-	-	-	-	-	-
At 30 June 2013	-	7,435,600	-	4,903,750	6,893,657	1,782,186	2,750,000	23,765,193
At 1st July 2013	-	-	-	-	-	-	-	-
Depreciation charged	-	9,119,165	-	8,830,084	10,123,854	1,951,580	5,592,390	35,617,073
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 June 2014	-	9,119,165	-	8,830,084	10,123,854	1,951,580	5,592,390	35,617,073
Accum dep 30.06.2014	-	16,554,765	-	13,733,834	17,017,511	3,733,766	8,342,390	59,382,266
NET BOOK VALUES								
At 30 June 2014	520,000,000	439,403,490	95,334,920	56,906,841	13,384,452	11,878,874	14,027,170	1,150,935,747
At 30 June 2013	520,000,000	364,344,400	215,096,973	34,326,250	13,808,016	12,475,299	8,250,000	1,168,300,938

19. Trade and Other Payables	2014	2013
	Kshs.	Kshs.
Amounts falling due within one year:-		
Trade Creditors	41,019,795	87,252,837
Staff P.U Creditors	16,552,786	-
Examination Fund	4,274,925	-
Unreceipted effects:	-	-
CDF Bursaries	4,898,262	3,862,695
MOE Grant Ziwa	7,970,829	-
MOE Grant Bomet	27,743,334	-
Total	102,459,931	117,330,147

20. Bank Overdrafts	2014	2013
	Kshs.	Kshs.
College Fund A/C-NBK No.01021027668101	11,129,138	1,319,201
Co-operative Bank of Kenya No.01129441884400	-	-
Farm Account no.01021027668103	425,843	-
Total	11,554,981	1,319,201

21. Refundable deposits from customers	2014	2013
	Kshs.	Kshs.
Caution Money	1,288,519	864,680
Prepaid Fees	170	1,364,386
Total	1,288,689	2,229,066

22. Provisions during the period	2014	2,013
	Kshs.	Kshs.
Provision for Audit fees during the year	580,000	500,000
Provision for uncollectable fees debtors	3,715,578	-
Total	4,295,578	500,000

23. Borrowings	2014	2,013
	Shs	Shs
Bank loans(National Bank of Kenya)	9,095,000	-
Total	9,095,000	-

24. Current Provisions for the year ended 30.6.2014

	Audit fees
	Kshs.
Balance at the beginning of the year	500,000
Additional provisions raised	580,000.00
Provision paid	-
Balance as at 30 June 2014	<u>1,080,000</u>

25. Finance Cost

	2014	2013
	Kshs.	Kshs.
Interest on asset finance loan	42,454	-
Total	<u>42,454</u>	<u>-</u>

