

Enhancing Accountability

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| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 21 FEB 2023 | DAY: TUESDAY |
| TABLED BY: REPORT | DEPUTY LEADER OF MAJORITY PARTY |
| BY-TABLE: | INTOFU MWALE |

OF

THE AUDITOR-GENERAL

ON

NYANDARUA NATIONAL POLYTECHNIC

FOR THE YEAR ENDED
30 JUNE, 2021



NYANDARUA NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2021**

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

**NYANDARUA NATIONAL POLYTECHNIC
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I. KEY POLYTECHNIC INFORMATION AND MANAGEMENT

(a) Background information

Nyandarua National Polytechnic (NyNP) was established as Nyandarua Institute of Science and Technology (NyNP) in the 1980's through an initiative from the local community and leaders. The land was donated by Kenya Agricultural Research Institute (KARI). NyNP is established by and derives its authority and mandate from TVET Act 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is provision of technical and vocational education and training (TVET) research and innovation.

The idea of establishing the then NyNP was to create an institution that could meet the educational and development needs of the Nyandarua Community which was mooted in early 80's by the people of Nyandarua who contributed Kshs Five (5) million towards the project. The construction of the institute began in 1996. Among the main contributors in the initial effort were parents of children in schools in the former Nyandarua District.

In the year 2005 Constituency Development Fund (CDF) from four constituencies of Nyandarua contributed Kshs. Ten (10) million which was used to complete the first classes and administration block. In March 2006, the first batch of 25 students were admitted and since then the student population has grown steadily up to 2055 students.

The Institute was elevated to a National Polytechnic vide Legal Notice No. 209 of December 2020, which gave it power to award higher diplomas, diplomas, certificates and other academic qualifications as authorized by the academic policy of the Polytechnic. In addition, the Polytechnic was granted power to award degrees in collaboration with recognized universities, promoting and establishing a culture of innovation in engineering and technology and transfer of technology amongst staff and students.

As a National Polytechnic, NyNP operations are guided by various legislations and regulations including the TVET Act, 2013, Science, Technology and Innovation (ST&I) Act, 2013 and TVET regulations, 2015, among other registrations.

The long term Vision of the polytechnic at inception was to develop a strong technological institution to play a leading role in the development of the immense resources and potential of Nyandarua region and in so doing contribute to National Development.

The Polytechnic is ISO 9001:2015 certified. The road to certification has given the polytechnic impetus to develop home grown quality objectives to improve service to her customers. Through the achievement of these objectives, we continuously make progress in contributing to the realization of our strategic plan and the Kenya Vision 2030. The Polytechnic is also in Performance Contracting since financial year 2009/2010.

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In addition to providing academic and technical skills, we seek to develop, in our students, creativity and innovativeness that enables them to integrate successfully in all areas of management in the public and private sectors.

(b) Principal Activities

The core mandate and functions of Nyandarua National Polytechnic are as outlined in the Legal Notice No. 209 of December 2020 as follows:

- Participating in national curriculum development and curriculum renewal of competence-based programs of study leading to artisan, craft and diploma certification.
- Pre-employment Training and upgrading of workers for improving quality of outcomes and productivity
- Preparing trainees to participate in effective application of knowledge and skills into all spheres of life
- Promoting the concept of human resource development in Kenya through collaborations with relevant institutions, organizations and industries.
- Undertaking directly or in collaboration with other institutions research and innovation in appropriate science and technology
- Playing an effective role in the development of science and technology in conjunction with the industry

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:



Principal

Mr. Felix Mung'atu

CEO In-charge of all day to day activities in the Polytechnic

Holds M.Phil (Educational Technology)

B.ED (Technology)

SLDP

SMC



Mrs Agnes Gachenge

Deputy Principal – Planning,

Administration and finance

In-charge of administration affairs.

Holds M.ed in Guidance and Counselling. Bed (Arts)

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Mr. Jacob Mwangi

Deputy Principal – Academic and Student Affairs

In charge of academic affairs and curriculum implementation

Holds MED Educational Administration, BED science, Diploma Education management..



Mr. James Wanjohi

Registrar

In-charge of the Registry

Holds Msc Chemistry,

Bsc Maths/science.



**Mr. Elkanah Waithanje
Dean of Students**

In-charge of student affairs

Holds B.Sc. in Electrical/Electronic Engineering, Diploma in Technical education.



**Mrs. Monicah Ndirangu
Finance Officer**

In-charge of Finance department

Holds Bachelor of Commerce (Accounting Option), CPAk, and member of ICPAK..



Mr. Stanley Ndung'u

Procurement Officer

In-charge of Procurement department

Holds Diploma in Supply Chain Management, Member of KISM.

d. Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

The office of the Auditor General

The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities

Office of Attorney General

Acts as the Principal Legal Adviser to the Government

Governing Council

The Council provides strategic direction, exercise control and remain accountable through effective leadership, enterprise, integrity and good judgment

Audit and risk committee activities

It provides assistance to the council in ensuring effective and economic management of finances and to establish and maintain appropriate systems of internal control and risk management

Finance and operations committee activities

It deals with all financial matters of the Polytechnic and scheme of service for Governing Council's staff and all other human resource related issues.

Academic committee activities

It deals with all matters related to curriculum implementation, training, research and other academic issues.

Development partner oversight activities

Approval of budgets and work plan, monitoring progress of projects for quarterly narrative reports and financial reports and handing over of project on completion .Post project follows up monitoring and evaluation.

Other oversight activities

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KEY POLYTECHNIC INFORMATION AND MANAGEMENT (Continued)

(d) Polytechnic Headquarters

P.O. Box 2033- 20300
Nyahururu
Nyandarua National Polytechnic
Nyahururu-Gilgil Highway

(e) Polytechnic Contacts

Telephone: 0727256001 / 0732335757
E-mail: info@nyandaruanationalpoly.ac.ke
Website: <https://nyandaruanationalpoly.ac.ke/>

(f) Polytechnic Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

1. Equity bank
P.O Box 75104-00200
Nairobi.
2. Co-operative Bank
P.O. Box 48231 - 00100,
Nairobi.

(g) Independent Auditors
Auditor General
Office of the Auditor General
Anniversary Towers, Polytechnic Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




(h) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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II.THE GOVERNING COUNCIL

| | |
|---|--|
| <ul style="list-style-type: none"> • Prof E.G Wagaiyu -Chairman Governing Council  | <ul style="list-style-type: none"> • Chairman Governing Council • Professor (Consultant). • PhD in Periodontology from University of Nairobi. • Master of Science in Periodontology from University of London, united Medical and Dental schools, Guys Hospital U.K, • Bachelor of Dental Surgery from University of Nairobi |
| <ul style="list-style-type: none"> • Felix Mung'atu  | <ul style="list-style-type: none"> • Secretary Council and all council Committees. • Principal, Nyandarua National Polytechnic. • Holds M.Phis in Education Technology • B.ED -Technology • SLDP • SMC |
| <ul style="list-style-type: none"> • Bonface Milai  | <ul style="list-style-type: none"> • Ex-Officio Member of The Council representing the Principal Secretary-TVET. • Holds a Master Degree in Business Administration from JKUAT. • Higher Diploma in Electrical engineering. Diploma in Technical Education. • Certificate in Management and Administration. |



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|--|---|
| <p>Feisal Abdikadir Aden • -Council member.</p>  | <ul style="list-style-type: none"> • Master of Education in Leadership and Education Management – ongoing. • Master in Management Information Technology. • Bachelor’s Degree in Business Information Technology. • Diploma in Business Administration |
| <p>Eng. Venansio Mbataru Kariuki- Council member.</p>  | <p>Council Member</p> <ul style="list-style-type: none"> • Director / CEO Millenium Star Enterprises Ltd An Independent Petroleum dealer company inNBI. • Chairman Kenya Independent petroleum dealers association (KIPEDA) • Bachelor of civil Engineering Degree [B.Eng. civil] – Kingston Polytechnic LONDON-U.K. {now University of Kingston Upon Thames} – 1987. • Ordinary Diploma in Mechanical Engineering. Kenya Polytechnic |
| <ul style="list-style-type: none"> • Ben Masawa Sanda- Council member.  | <p>Council Member</p> <ul style="list-style-type: none"> • Finance Analyst • Master of Arts in Economics • Public Sector Financial Management Course Kenya School of Government • ISO 9001:2008 Lead Auditors Course Kenya School of Government. • Certified Securities &Investment Analysts (CSIA). • CIFA Membership No. FA/00076 • Certified Public Accountant (CPA-K). • ICPAK Membership No.11018 |

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| | |
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| <p>Jacob Tom Ojwando</p>  | <ul style="list-style-type: none"> • Principal Accountant-National Treasury/MOE(SDVTT) • MBA –(Finance Option):Maseno University • Bachelor of Commerce – Accounts Option (Second Class Honors): Catholic University of East Africa • C.P.A. I, II and III (CPA K) ; Vision Polytechnic • K .A.T. C Graduate Dima College |
| <ul style="list-style-type: none"> • Miriam Wambui  | <ul style="list-style-type: none"> • Founder and Executive Director, Scope and Impact Ltd. • Launched a HR digital platform dubbed iSCOPE HR. • Currently pursuing a Masters in Leadership and Sustainability. • BSc in Nutrition and Chemistry from the University of Eastern Africa Baraton. • Higher National Diploma from the Polytechnic of Human Resource Management. • Senior Member, IHRM (K) • Accredited Executive Leadership Coach by AoEC • Member, Technical Committee Kenya Bureau of Statistics (KEBS) • Member by affiliation, American Workforce • Member, Polytechnic of Directors Kenya • Member, Council of Governors' Secretariat (infrastructure and urban development workstream) representing IHRM(K) • Member, Women in Business East Africa • Green Horn Mentor, University of Nairobi • Member, Business Forum International (BNI) Legacy Chapter |

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| | <ul style="list-style-type: none"> • Life Member, YMCA Kenya Chapter |
| <ul style="list-style-type: none"> • Joel Sigilai-Council member.  | <ul style="list-style-type: none"> • Advocate of the High Court of Kenya. • Holds a Bachelor of Laws Degree from University of Nairobi. |
| <ul style="list-style-type: none"> • Eng .George K. Matoke MSc. {Eng}  | <ul style="list-style-type: none"> • Retired civil servant • Private practice. • PhD. in Renewal Energy Engineering-Kenyatta University • MSc. Engineering systems & Management- |

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III.MANAGEMENT TEAM

| No. | Member | Details |
|-----|---|---|
| 1. |  Mr. Felix Mung'atu-Principal | <ul style="list-style-type: none"> • Principal, Nyandarua National Polytechnic. • Holds M.Phil in Education Technology • B.ED -Technology • SLDP • SMC |
| 2. |  Mrs. Agnes Gachenge-Deputy Principal Administration | <ul style="list-style-type: none"> • In-charge of administration affairs. • Holds M.ed in Guidance and Counselling, Bed (Arts) |
| 3. |  Mr. Jacob Mwangi- Deputy Principal Academics | <ul style="list-style-type: none"> • In-charge of academic affairs and Curriculum implementation • Holds MED Educational Administration, BED science, Diploma Education management. |
| 4. |  Mr. James Wanjohi- Registrar | <ul style="list-style-type: none"> • In-charge of the Registry • Holds Msc Chemistry, Bsc Maths/science |
| 5. |  Mr. Elkanah Waithanji- Dean of Students | <ul style="list-style-type: none"> • In-charge of student affairs • Holds B.Sc. in Electrical/Electronic Engineering, Diploma in Technical education |

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| | | |
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| 6. |  <p>Mrs. Monicah Ndirangu- Finance Officer</p> | <ul style="list-style-type: none"> • In-charge of Finance department • Holds Bachelor of Commerce (Accounting Option), CPAk, and member of ICPAK.. |
| 7. |  <p>Mr. Stanley Ndung'u- Procurement Officer</p> | <ul style="list-style-type: none"> • In-charge of Procurement department • Holds Diploma in Supply Chain Management, Member of KISM |

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IV. CHAIRMAN'S STATEMENT



It gives me great pleasure to present the Nyandarua National Polytechnic (NyNP) annual report and financial statements for the year ended 30th June 2021.

I acknowledge the NyNP commitment to producing well equipped graduates in Technical and Vocational Education and Training (TVET). NyNP is keen in ensuring that TVET programmes pursued, will enable the trainees acquire the necessary skills, knowledge, experience and confidence to be exemplary leaders in their professions and to be role models in their communities and become responsible citizens whenever in the world their careers might take them.

Technical, Vocational, Education and Training (TVET) provides knowledge, skills and attitudes that have become a key driver of growth and development globally. Production of knowledge intensive, technologically sophisticated, higher value goods and services is not possible without a trained management cadre and labour force with the appropriate mix of technical and vocational skills. In view of this, it is imperative to ensure that there exist enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond. To this end, I am delighted to note that this has been achieved.

The Council is mandated to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. This mandate is enshrined in our Strategic Plan 2021-2026

The Council is committed to embracing the best practices in the industry and has facilitated various benchmarking exercises as we prepared to launch CBET programs that are skill oriented and more relevant to the industry. To this end, the Polytechnic has entered into collaboration agreements with the industry players in an effort to align her programmes with the needs of the industry.

The Council is pleased with the efforts the Polytechnic Management has continued to undertake to enhance the quality and relevance of Academic programmes offered by the Polytechnic and its commitment to continue to sustain quality standards as evidenced by the transition to ISO 9001: 2015, from ISO 9001:2008.

I wish to thank the Government of Kenya and other stakeholders for their continued financial support. However, the polytechnic's student population has grown tremendously in the recent past due to collaborations with the NYS, KUCCPS and other stakeholders thus exerting pressure on our existing resources and facilities. To this end we continue to appeal for support for the projects in our strategic plan such as a modern automotive garage, classrooms, science laboratory, student hostels among others to enable us achieve our core mandate in the provision of quality teaching, research and collaborations.

Finally, I thank all our partners, collaborating institutions, staff and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.

A handwritten signature in dark ink, appearing to read 'E.G. Wagaiyu', written in a cursive style.

**Prof. E.G. Wagaiyu
COUNCIL CHAIRMAN**

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V.REPORT OF THE PRINCIPAL



Am pleased to present the annual report and financial statements for Nyandarua National Polytechnic for the year ended 30th June 2021. This year has been a year with new challenges but also many other opportunities to improve and move forward. The staff and the management have risen to the challenges with a great deal of resilience and determination.

It is important to note that there was a remarkable shift in focus from Nyandarua Institute of science and technology to a National Polytechnic. We achieved a status of a national polytechnic in December 2020. This is an indication that the Kenya government through the ministry of education is cognizant of our commitment to continue to improve our competitiveness in TVET. The new status will enable the polytechnic to take a national focus in service delivery.

The year saw the polytechnic take great strides towards the implementation of new CBET curriculum by training our trainers in collaboration with CDACC. This will however require investment in terms of staff, equipment and other infrastructure.

Towards the realisation of the big four agenda, during the year under review NyNP has continued increasing the land under cultivation to at least 25 acres from 15 acres currently. This will be a contribution to food security. We have also signed MOUs with the industry on value addition in potato production. The polytechnic also commenced the production of concrete fencing posts which will eventually be sold at subsidised prices.

The year also saw the polytechnic implementing a massive programme of improving our infrastructure including the laying of cabro in all our walkways and access roads, construction of a new gate to improve security and a general facelift of the existing infrastructure.

Despite these successes, we have faced numerous challenges of mobilizing adequate funds to build training rooms, hostels and developing new infrastructure to cater for the increase in population and also match the industry trends to ensure relevance in training. We acknowledge that we require a lot of investment in both financial and human capacities which continue to stretch the scarce financial resources at our disposal.

The challenge is also compounded by the heavy financial burden incurred by the institution as remuneration for trainers hired under Governing Council terms as the PSC has not been able to provide adequate human resource to enable the polytechnic deliver her mandate. It is our hope that the bodies concerned with the hiring the TVET trainers will expedite the process to relieve us of the burden and therefore channel the resources to other pressing issues. The other challenge is the Covid-19 which **has**

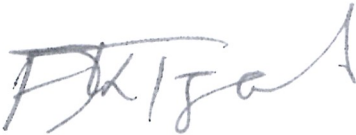
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affected enrolment, payment of fees and adversely affected the available space in our training rooms laboratories and workshops. We also have undergone considerable expenditure in complying with the Ministry of Health guidelines for mitigating the effects of the pandemic.

We would like in a special way to thank the Government of Kenya for the renewed commitment to TVET and recognising technical training as a vehicle for achieving the Vision 2030. The funding of trainees through capitation and provision of loans and bursaries by HELB is greatly appreciated as is the provision of training equipment and machinery.

We also thank the Ministry of Education, the directorate of vocational and technical training, ADB and our development partners for supporting NyNP in its efforts to deliver quality and market driven programmes. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of the Big Four Agenda.

We also greatly appreciate the Council, staff, students and all stakeholders who have contributed greatly in their own way to make the Polytechnic a centre of 'Skills for empowerment'.



Felix Mung'atu

CHIEF PRINCIPAL

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VI.STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

We were tasked to undertake an evaluation and prepare a report on the implementation of the strategic plan's Annual Work Plan for the FY 2020-21(Y4). The report is based on the implementation of the following strategic objectives:

1. To facilitate learning that ensures trainees have the right knowledge, skills and attitudes to succeed in today's global environment
2. To improve the Polytechnic's capacity in readiness to grow into a National Polytechnic.
3. To enhance science, technology and innovation.
4. To attract and retain high calibre staff.

The report is for year ending 30 June 2021

| STRATEGIC OBJECTIVE ONE: | | | | |
|---|---|--|---|------------------------|
| STRATEGIC OBJECTIVE | KEY ACTIVITIES | PERFORMANCE INDICATORS | Achievement | % of completion |
| To facilitate Learning that ensures trainees have the right knowledge, skills and attitudes to succeed in today's global environment | Acquire modern and adequate equipment for teaching, learning, research and innovation | No. of equipment | Agriculture equipment was received from MOE | 60% |
| | Provide Academic programmes that meet world class standards | No. of Programmes that meet international standards | CDACC has developed Occupational Standards for various CBET courses. Our staff participated at the national level | 96% |
| | Enhance the quality of teaching and learning; | Modern methods of content delivery Programs in place Number of facilities | Collaboration with COL, Wadwani, KENET Foundation on digital content | 60% |
| | Facilitate the use of technology in teaching and learning | No. of Trainers sensitized on ICT integration guidelines % of Digitalized content | -A smart Council already installed. -Training of all trainers done on | 68% |

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| | | | | |
|--|--|--|---|--|
| | | | new equipment already acquired of the same. | |
|--|--|--|---|--|

STRATEGIC TWO:

| STRATEGIC OBJECTIVE | KEY ACTIVITIES | PERFORMANCE INDICATOR | Achievement | % of completion |
|--|--|--|---|------------------------|
| Improve Polytechnic capacity in readiness to grow to a National Polytechnic | Provide budgetary support to programmes to meet the set standards. | %of budget allocated | -The driving school operational with collaboration of ADB and other partners -Zero Grazing unit operational with 4 cows | 58% |
| | Strengthen the Human Resource capacity | Number of staff sponsored for training | Mr. Mugendi, Mr. Waithanje, Mr. Mwangi, Mr. Muhia and Mr. Karuri undertaking courses in the TUK/Kimathi University | 60% |

STRATEGIC THREE:

| STRATEGIC OBJECTIVE | KEY ACTIVITIES | PERFORMANCE INDICATOR | Achievement | % of completion |
|--|--|------------------------------|--|------------------------|
| To enhance Science, Technology and Innovation | Review and implement Research Policy | Reviewed R&D policy | The policy developed and was reviewed in October last 2018 | 100% |
| | Increase Research and development activities in NIST | No. of R&D activities | Surveys -Four academic papers presented in external forums - Research on making NIST a training hub, establishment of incubators | 60% |
| | Incubation of innovative ideas | No. of innovations incubated | Chain link making machine was not fully funded for commercialisation | 50% |

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| STRATEGIC FOUR | | | | |
|---|--|---------------------------------|---|------------------------|
| STRATEGIC OBJECTIVE | KEY ACTIVITIES | PERFORMANCE INDICATOR | Achievement | % of completion |
| To attract and retain high calibre staff | Review the HR manual | Review the HR manual | HR officer appointed | 10% |
| | Utilize non-traditional work schedules | Flexible time tables introduced | MIS upgraded to facilitate flexible timetables. | 40% |

POSITIVES:

It is worthy to note that approximately 70% of the planned activities have already commenced though not completed. However, there is concern especially on the implementation of objective No.6 on Environmental Sustainability. The Polytechnic has not put in place a substantive committee in place to ensure the achievement of this critical objective. Research and Development which is a core mandate of the Polytechnic also needs to be revamped.

CHALLENGES:

The committee found that the biggest challenge to the implementation of the strategic plan and the work plan is lack of funding for infrastructure and equipment needed for effective implementation of various programmes.

VII. CORPORATE GOVERNANCE STATEMENT

The corporate governance structure ensures that we act with high standards of corporate behaviour and in the best interest of our stakeholders. The Council has the authority to perform the functions and determine the policies that control the TVET's activities.

The Council is responsible for our overall corporate governance and approves strategic directions and budgets. On the other hand, the management ensures that all statutory requirements are complied with, internal control systems are in place and operate effectively; in addition to ensuring that Council decisions are fully implemented.

The Council comprises 9 members appointed by the Cabinet Secretary for Education. The Principal sits in the Council as a full-time member and as a secretary to the Council.

The Council members are appointed for a term of three years and are eligible for re- appointment for another final term of three years.

The Council members have broad range of professions, skills and experience.

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The Council has four committees namely; Finance, Infrastructure & Human Resource, Training Education & Research, Governing Audit and Risk.

The Council of Governors' remuneration structure and number of meetings held are as follows.

The Council, in consultation with management, develops strategic direction for the annual and long-term period.

The Council also prepares for the Annual General Meeting and determines the agenda in which annual audited accounts are presented.

At its regular meetings, the Council considerations include:

- Quarterly Financial Statements
- Annual Financial Statements

The Council held induction and corporate governance training for all the members during the year under review.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Compliance with statutory requirements

The Polytechnic did not have any compliance issues relating to its statutory requirements.

Key projects and Investment Decisions

The polytechnic implemented a number of development and improvement projects funded by Development Fees Levy. As at the end of this Financial Year, the total expenditure incurred on acquisitions was **Kshs 58,354,541.62** which was within the estimated expenditure voted for the year. The projects were completed within schedule as planned.

Major Risks

The Polytechnic does not foresee any major risks in its financial operations. The Council of Governors has been able to mitigate risk especially in the key areas of Operation, Credit, Liquidity and Capital to minimal levels. The Council has put in place strong financial management policies and these have been customised by the management into equally strong internal controls that give assurance on the propriety of the Institution's systems of control. This position is supported greatly by the significant investment in strong internal controls that safeguard the Polytechnic's assets and liabilities. The Polytechnic's credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Equity and Cooperative Bank. The Polytechnic holds high quality fees debts that are continuously being monitored with a major portion being Receivables underwritten by GOK institutions - NYS and HELB. The Polytechnic's capital risk was minimal since at the end of this year the Polytechnic had no external borrowing. The same applies to liquidity risk where the total Current Liabilities at **Kshs. 10,062,102.80** was **12.80** of Current Assets holding which was standing at **Kshs128, 809,141.66**

Material arrears in Statutory/Financial Obligations

The Polytechnic complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The Polytechnic has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

**NYANDARUA NATIONAL POLYTECHNIC
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Governance

The Council of Governors notes that the Polytechnic has complied with all Financial and Governance Policies and Laws as stipulated by the Constitution of Kenya, 2010. Provisions of chapter 12 on Principles of Public Finance have been followed both in letter and spirit on all the financial management decisions of the Polytechnic. The management has also complied with the Provisions of Chapter 6 of the Constitution in defining its Governance Structures as well as the Provisions of the Public Procurement and Asset Disposal Act, 2015 that preclude any instances of conflict of interest.

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NyNP recognizes the need for Corporate Social Responsibility (CSR) and engages in various activities. In the year under review, we engaged in a community health services where we had screening for various ailments e.g., HIV, Prostate Cancer, Cervical Cancer, Breast Cancer, Hypertension etc. We also attended public forums and visited secondary schools to offer career guidance.

Human Resource

NyNP recognizes that health, safety and training, play a key in ensuring our employees commitment to responsibility in the workplace and a working environment in which personal and employment rights are upheld. Effective policies and procedures are aligned with the Polytechnic's needs and the promotion of good communication processes, to assist timely and consistent delivery of relevant information to employees.

We provide equal opportunity for all employees and job applicants. We have in place policies covering issues such as performance management, training and family friendly policies e.g. compassionate leave, paternity leave among others.

Stakeholders

NyNP actively encourages open communication with stakeholders. Principally through the Council members, NyNP endeavours to establish and maintain healthy relationships with its institutional stakeholders by holding regular consultations on issues requiring stakeholder participation as enshrined in the Constitution of Kenya 2010.

**NYANDARUA NATIONAL POLYTECHNIC
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X. REPORT OF THE COUNCIL OF GOVERNORS

The Council members submit their report together with the audited financial statements for the year ended 30 June 2021 which show the state of Nyandarua National Polytechnic affairs.

Principal activities

The principal activity of Nyandarua National Polytechnic is Training

Results

The results of Nyandarua National Polytechnic for the year ended 30 June 2021 are set out on page.1-34.

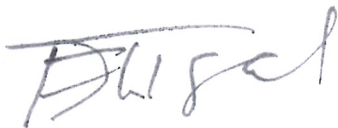
Council

The members of the Council who served during the year are shown on pages viii and xi above. During the year no Governor retired/ resigned and hence no new appointments were made during the year.

Auditors

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

By Order of the Council



Felix Mung'atu
Council Secretary

Nyahururu.

Date 29/9/2021

**NYANDARUA NATIONAL POLYTECHNIC
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XI.STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the TVET Act 2013, require the Council to prepare financial statements in respect of Nyandarua 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 is also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council is also responsible for safeguarding the assets of the Polytechnic.

The Council is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year ended on 30 June 2021. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Polytechnic;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the 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 Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Council is of the opinion that the Polytechnic financial statements give a true and fair view of the state of the Polytechnic transactions during the financial year ended 30 June 2021, and of the TVET financial position as at that date. The Council further confirms the completeness of the accounting records maintained by the TVET, which have been relied upon in the preparation of the Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Polytechnic's Financial Statements were approved by the Council on.....30/7/2021..... and signed on its behalf by:

Name.....Prof. Evelyn Wagaigu.....

Signature..........

Chairman Council

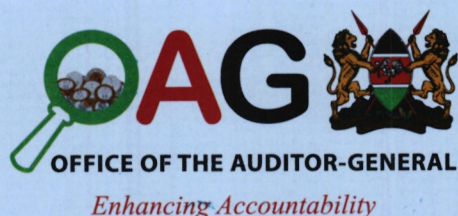
Name.....Mungatu Felix.....

Signature..........

Chief Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NYANDARUA NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyandarua National Polytechnic set out on pages 1 to 31 which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, the statement of changes in net asset, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyandarua National Polytechnic as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act No.18(1 and 2) of 2013.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position as at 30 June, 2021 reflects property, plant and equipment balance of Kshs.382,597,817 (2019/2020-Kshs.344,248,621) as disclosed in Note 18 to financial statements. However, the following anomalies were noted;

1.1 Unsupported Land Balance

Included in the balance is a parcel of land Costing Kshs.200,000,000 measuring approximately 100 acres.. However, no ownership and valuation documents in respect of the land were provided for audit review.

1.2 Unsupported Building Balance

The property, plant and equipment balance also includes buildings costing Kshs.157,610,425 that are not supported by professional valuation report or engineers' certificate of completion.

1.3 Lack of an Asset Register

The Institution does not maintain an asset register indicating original cost, additions for the year, accumulated depreciation brought forward and the net book values, Therefore the source of the balances as disclosed in the asset movement schedule at Note 18 to the financial statements could not be accurately verified.

1.4. Undisclosed Assets Received from the Ministry of Education

As reported in the previous report, the amount of property, plant and equipment balance of Kshs.382,597,817 excludes the values of assorted equipment donated by the Ministry of Education through a bilateral contract agreement with china dated 27 March, 2018. Physical verification done in the month of May, 2022 confirmed that the Polytechnic received several equipment whose value could not be determined as no value had been indicated in the asset register. In addition, the equipment were delivered without proof of ownership, registration or delivery documents. The Institution's efforts to register and value them has not been successful.

1.5. Undisclosed Assets Acquired from a Food Company

During the year under review, the Institution acquired two production machines from a food company at a cost of Kshs.508,500 each. However, the machines have not been included in the asset register as part of the assets of the Institution.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.382,597,817 could not be confirmed.

2. Employees Costs

2.1. Unsupported Payments to Casual Workers

The statement of financial performance reflects employees cost amount of Kshs.22,817,207 as disclosed in Note 12 to the financial statements. However, included is Kshs.1,540,871 incurred on payment of casual workers which is not supported with muster rolls, letters of engagement and daily work registers.

In the circumstances, the accuracy and completeness of the expenditure on the casual workers of Kshs.1,540,871 could not be confirmed.

2.2. Unsupported Payments to Contractual Employees

The amount also includes Kshs.14,885,215 in respect of basic pay which includes payments of contractual employees of Kshs.5,941,010, however, the expenditure has not been supported by letters of engagement on contractual terms approved by the Council and renewal letters as evidence of authority to work beyond the contractual terms.

In the circumstances, the accuracy and completeness of the expenditure on the employees' cost of Kshs.22,817,207 could not be confirmed

3. Undisclosed Revenue from Exchange Transactions

The statement of financial performance reflects rendering of services of Kshs.81,010,740 as disclosed Note 8 to the financial statements. Examination of the receipt documents provided for audit revealed that the Institution received Kshs.1,225,500 and Kshs.163,400 for application fees and student identification card respectively from new students joining the College, however, the two (2) sources of revenue have not been recognized and disclosed in the financial statements under rendering of services.

In the circumstance, the accuracy and completeness of an amount of Kshs.81,010,740 could not be confirmed .

4. Unaccounted for Transfers to Kinangop Technical and Vocational College (TVC)

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects use of goods and services of Kshs.79,191,594 which includes transfers to Kinangop Technical and Vocational College of Kshs.4,315,000 being student capitation and operational grants from the Ministry of Education to Kinangop TVC via Nyandarua National Polytechnic (Mentor Institution physical verification at the Kinangop

Technical Vocational College on 12 May, 2022 failed to confirm the receipt and utilization of Kshs.4,315,000 meant for the Institute since no cash book or expenditure ledgers were provided for audit review

In the circumstances, it was not possible to confirm that the funds were actually transferred and that they were utilized for the intended purpose.

5. Unsupported Biological Assets Amount

The statement of financial position reflects biological assets balance of Kshs.370,000 as disclosed under Note 20 to the financial statements. However, the balance has not been supported by valuation reports and an asset register showing the nature of the assets and their respective book values.

In the circumstance, the accuracy and completeness of the biological assets balance of Kshs.370,000 could not be confirmed.

6. Unsupported Receivables from Exchange Transaction

The statement of financial position as at 30 June, 2021 reflects current portion of receivables from exchange transactions of Kshs.28,359,096 as shown in Note 17 to the financial statements.

The figure has increased from Kshs.12,819,238 reported in 2019/2020 financial year, indicating an increase of Kshs.15,539,858 or more than 100%. Analysis of the receivables account against the fees paid shows that students with outstanding balance of Kshs.21,769,836 have graduated without clearing the fees balances. In addition, the Institution does not have debtors ageing analysis and no provision for bad and doubtful debts has been reported in the financial statements to cater for the loss of funds that may occur in future.

In the circumstances, the accuracy and recoverability of outstanding students' fees could not be confirmed.

7. Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 16 of the financial statements reflects a balance of Kshs.100,450,045 in respect of cash and cash equivalents. However, bank reconciliation statements for Co-operative Bank provided for audit, reports unpresented cheques of Kshs.2,269,640. Evidence provided indicates that Kshs.1,211,545 has been presented to bank and cleared leaving a balance of Kshs.1,058,095 indicated as cancelled without reversing in the cash book . In addition, reconciliation statements of the Co-operative Bank reports balance as per bank statements as at 30 June, 2021 is Kshs.4,890,642 while the certificate of bank balance indicates a figure of Kshs.4,988,642 as balance as at 30 June, 2021. The difference between the two amount of Kshs.98,000 has not been reconciled.

In the circumstance, the accuracy of the cash and cash equivalents balance of Kshs.100,450,045 could not be confirmed .

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the Polytechnic shows that the Institution budgeted to collect revenue totaling Kshs.215,551,110 but only received Kshs.66,473,877 which represents under collection of revenue of Kshs.149,077,232. or 30%

Further, the statement indicates that the Institution budgeted to spend Kshs.215,551,110 but only spent Kshs.203,286,337 resulting into under-absorption of funds Kshs.12,264,872 or 6%

The underfunding and under absorption affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unregistered Trainers

Review of individual personnel files show that none of the contracted trainers has been registered with the Technical and Vocational Education Training Board Contrary to section 23(1) of the technical and vocational Education and training Act, 2013 which

states that any person who intends to become a trainer in an institution shall apply for licensing and registration by the Technical and Vocational Education Training Board. In the circumstance management was in breach of the law.

2. Weaknesses in Cash Management

Review of payments records at the Institute revealed that officers got cash advances to undertake travelling, transport and accommodation expenses including procurement of general office items. In the alternative, officers were reimbursed expenses incurred in the course of duty. It was observed that the Management does not use imprest system to finance its activities.

Travel and accommodation expenses are funded through cash and claims for reimbursement as opposed to imprest system. Which contravenes. Regulation 93 of the Public Finance Management (National Government) Regulations, which requires a holder of a temporary imprest to account or surrender the imprest within seven days after returning to the duty station.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Weak Information Technology Internal Controls

The institution did not have an IT strategy in place which could provide guidance to IT-related decision-making processes, with IT task prioritized and implemented using the plan as a framework. The Institute did not produce the minutes of the strategic committee meetings. In addition, the Management has no back-up data stored in an off-site location and therefore the Institute might not recover from an interruption and this may affect the business - continuity and recovery plan.

2. Lack of Risk Management and Fraud Policies

The Polytechnic does not have a risk management policy in place as required by Regulation 165 (1), (a), (b) of the Public Finance Management (National Governments) Regulations, 2015 which states that, the Accounting Officer shall ensure that the national Government entity develops a risk management strategy, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

No satisfactory explanation was given for failure to have a risk management policy in place and consequently, the Polytechnic is exposed to risks.

3. Lack of Inventory Management System

The Institution does not have inventory control management system. The mechanism used does not give accurate stock operation reports on a quarterly basis or at the end of the year. It is therefore difficult to monitor the stock movement and determine the stock-out and the re-order level of stock for replenishment. Further, there is no evidence of periodic reports from and to the stores after carrying out inspection.

In the circumstances, the Inventory Management System is prone to errors.

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

Responsibilities of Management and the Governing Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to continue to sustain its services disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of intention to terminate the Polytechnic or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Polytechnic's ability to sustain its service. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

**NYANDARUA NATIONAL POLYTECHNIC
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XIII.STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | F/Y .2020/2021 | F/Y.2019/2020 |
|--|-------|-----------------------|-----------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the National Government – Capitation grants | 6(a) | 38,602,500.00 | 31,657,250.00 |
| Transfers from the National Government – Kinangop TVC. | 6(a) | 4,315,000.00 | - |
| Grants from donors and development partners-SITVES Project | 7 | 3,704,484.00 | - |
| | | 46,621,984.00 | 31,657,250.00 |
| Revenue from exchange transactions | | | |
| Rendering of services- Fees from students | 8 | 81,010,740.00 | 170,423,832.00 |
| Sale of goods | 9 | 3,536,820.00 | 3,624,325.00 |
| Rental revenue from facilities and equipment | 10 | 312,800.00 | 5,931,671.00 |
| Revenue from exchange transactions | | 84,860,360.00 | 179,979,828.00 |
| Total revenue | | 131,482,344.00 | 211,637,078.00 |
| Expenses | | | |
| Use of goods and services | 11 | 79,191,594.16 | 95,365,332.14 |
| Employee costs | 12 | 22,817,207.35 | 19,181,774.00 |
| Remuneration of directors | 13 | 1,296,000.00 | 1,645,000.00 |
| Depreciation and amortization expense | 14 | 19,175,628.69 | 11,105,964.55 |
| Repairs and maintenance | 15 | 3,886,750.00 | 2,599,252.00 |
| General expenses-Development expense | | - | 5,956,113.70 |
| Total expenses | | 126,367,180.20 | 135,853,436.39 |
| Net Surplus for the year | | 5,115,163.80 | 75,783,641.61 |

The notes set out on pages 6 to 34 form an integral part of the Annual Financial Statements.

**NYANDARUA NATIONAL POLYTECHNIC
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FOR THE YEAR ENDED 30 JUNE 2021**

XIV.STATEMENT OF FINANCIAL POSITIONAS AT 30 JUNE 2021

| | Notes | F/Y .2020/2021 | F/Y.2019/2020 |
|---|-----------|-----------------------|-----------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 16(a)&(b) | 100,450,045.11 | 179,445,551.00 |
| Current portion of receivables from exchange transactions | 17 | 28,359,096.55 | 12,819,238.00 |
| | | 128,809,141.66 | 192,264,789.00 |
| Non-current assets | | | |
| Property, plant and equipment | 18 | 382,597,817.11 | 344,248,621.46 |
| Intangible assets | 19 | 1,628,630.96 | 1,809,589.95 |
| Biological Assets | 20 | 370,000.00 | 370,000.00 |
| Total Non-Current Assets | | 384,596,448.07 | 346,428,211.41 |
| Total assets | | 513,405,589.73 | 538,693,000.41 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 21 | 8,157,709.80 | 2,034,779.00 |
| Refundable deposits from customers | 22 | 1,886,393.00 | 1,672,393.00 |
| Deferred income | 23 | 18,000.00 | 30,697,774.00 |
| Total Current Liabilities | | 10,062,102.80 | 34,404,946.00 |
| Non-current liabilities | | | |
| Total liabilities | | 10,062,102.80 | 34,404,946.00 |
| Net assets | | | |
| Accumulated surplus | | 503,343,486.93 | 504,288,054.41 |
| Total net assets and liabilities | | 513,405,589.73 | 538,693,000.41 |

The Financial Statements set out on pages 1 to 34 were signed on behalf of the Council by:



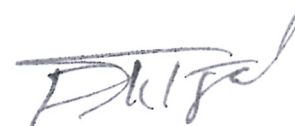
Chairman of Council/Council of Governors

Date.....29/9/2021.....



Finance Officer
ICPAK No.20670

Date.....29/9/2021.....



Principal

Date.....29/9/2021.....

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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

| | Revaluation reserve | Retained earnings | Total |
|--|------------------------|----------------------|----------------|
| At July 1, 2019 | - | 422,444,681.72 | 422,444,681.72 |
| Revaluation gain | - | - | - |
| Total comprehensive income | - | 75,783,641.41 | 75,783,641.41 |
| Capital/Development grants received during the year | - | - | - |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - |
| At June 30, 2020 | - | 498,228,323.13 | 498,228,323.13 |
| At July 1, 2020 | - | 498,228,323.13 | 498,228,323.13 |
| Revaluation gain | - | - | - |
| Fair value adjustment on quoted investments | - | - | - |
| Total comprehensive income | - | 5,115,163.80 | 5,115,163.80 |
| Capital/Development grants received during the year | - | - | - |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - |
| At June 30, 2021 | - | 503,343,486.93 | 503,343,486.93 |

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XVI.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

| | | F/Y .2020/2021 | F/Y.2019/2020 |
|--|------|------------------------|-----------------------|
| | Note | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Govt. grants-Capitation | 6(a) | 38,602,500.00 | 31,657,250.00 |
| Govt. grants-Kinangop TVC | 6(a) | 4,315,000.00 | - |
| Development partners-SITVES Project | 7 | 3,704,484.00 | - |
| Rendering of services- Fees from students | | 27,921,273.40 | 157,604,594.04 |
| Prepaid Fees | 23 | 18,000.00 | 30,697,774.00 |
| Sale of goods | 9 | 3,536,820.00 | 3,624,325.00 |
| Rental revenue from facilities and equipment | 10 | 294,800.00 | 5,931,671.00 |
| Revenue from Sundry Debtors | | - | 77,748,928.04 |
| Total Receipts | | 78,392,877.40 | 307,264,542.08 |
| Payments | | | |
| Compensation of employees | 12 | 22,817,207.35 | 19,181,774.20 |
| Use of goods and services | | 71,033,884.36 | 93,968,553.14 |
| Remuneration of Directors | 13 | 1,296,000.00 | 1,645,000.00 |
| Repairs and Maintenance | 15 | 3,886,750.00 | 2,599,252.00 |
| Development Expense-Others and WIP | | - | 5,318,113.70 |
| Transfer to Kinangop TVC | | - | 2,000,000.00 |
| Total Payments | | 99,033,841.71 | 124,712,693.04 |
| Net cash flows from operating activities | 24 | (20,640,964.31) | 182,551,849.04 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | (58,354,541.62) | (11,684,538.00) |
| Proceeds from sale of property, plant and equipment | | | |
| Decrease in non-current receivables | | - | - |
| Net cash flows used in investing activities | | (78,995,505.93) | 170,867,311.04 |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Increase in deposits | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | - | - |
| Cash and cash equivalents at 1 July 2020 | 16a | 179,445,551.04 | 8,578,240.00 |
| Net increase/(decrease) in cash and cash equivalents | | (78,995,505.93) | 170,867,311.04 |
| Cash and cash equivalents at 30 JUNE 2021 | 16b | 100,450,045.11 | 179,445,551.04 |

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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

| | Original budget | | Adjustments | | Final budget | | Actual on comparable basis | | Performance difference | | Utilisation Difference | |
|--|-----------------------|------|-------------|------|-----------------------|------|----------------------------|------|------------------------|------|------------------------|---|
| | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | % |
| Revenue | | | | | | | | | | | | |
| Govt grants -Capitation | 51,000,000.00 | | - | | 51,000,000.00 | | 38,602,500.00 | | 12,397,500.00 | | 75.691 | |
| Government Operation Grants- Recurrent | 24,000,000.00 | | - | | 24,000,000.00 | | - | | 24,000,000.00 | | 0.000 | |
| Government grants-Development | 13,185,000.00 | | - | | 13,185,000.00 | | - | | 13,185,000.00 | | 0.000 | |
| Transfer from National Government-Kinangop TVC | 4,815,000.00 | | - | | 4,815,000.00 | | 4,315,000.00 | | 500,000.00 | | 89.616 | |
| Government grants-Development partners-SITVES | 25,724,980.00 | | - | | 25,724,980.00 | | 3,704,484.00 | | 22,020,496.00 | | 14.400 | |
| Rendering of services- Fees from students | 91,139,000.00 | | - | | 91,139,000.00 | | 81,010,740.00 | | 10,128,260.00 | | 88.887 | |
| Sale of goods | 5,202,130.00 | | - | | 5,202,130.00 | | 3,536,820.00 | | 1,665,310.00 | | 67.988 | |
| Rental income and Hire of facilities | 485,000.00 | | - | | 485,000.00 | | 312,800.00 | | 172,200.00 | | 64.495 | |
| Total income | 215,551,110.00 | | - | | 215,551,110.00 | | 131,482,344.00 | | 84,068,766.00 | | 60.998 | |
| Expenses | | | | | | | | | | | | |
| Compensation of employees | 25,200,344.00 | | - | | 25,200,344.00 | | 22,817,207.35 | | 2,383,136.65 | | 90.543 | |
| Use of Goods and services | 153,274,812.50 | | - | | 153,274,812.50 | | 79,191,594.16 | | 74,083,218.34 | | 51.666 | |
| Remuneration of directors | 6,240,000.00 | | - | | 6,240,000.00 | | 1,296,000.00 | | 4,944,000.00 | | 20.769 | |
| Repair and Maintenance | 8,000,450.00 | | - | | 8,000,450.00 | | 3,886,750.00 | | 4,113,700.00 | | 48.582 | |
| Depreciation & Amortization | 22,835,503.50 | | - | | 22,835,503.50 | | 19,175,628.69 | | 3,659,874.81 | | | |
| Total expenditure | 215,551,110.00 | | - | | 215,551,110.00 | | 126,367,180.20 | | 89,183,929.80 | | 58.625 | |
| Surplus for the period | - | | - | | - | | 5,115,163.80 | | | | | |

Notes

(i). Development expenditure was expensed to capital items amounting to Kshs 57,213,130.39

(ii). In the budgeted Government Grants of Kshs 18,000,000 there was Kshs 13,185,000 for Nyandarua National Polytechnic and Kshs 4,815,000 for Kinangop TVC.

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

Nyandarua 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 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Polytechnic's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Council on 26th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Polytechnic upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Polytechnic recorded additional appropriations of 16th October 2020 on the FY 2020/2021 budget following the BOG/Council's approval.

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

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

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

c) Taxes

Current income tax

The Polytechnic pays statutory tax deductions

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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 period of xxx years.

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

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

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Depreciation rates were as follows:

| Asset Category | Rate of Depreciation (%) |
|---------------------------------------|---------------------------------|
| Building, extensions & Infrastructure | 4 |
| Machinery | 8 |
| Motor Vehicles | 25 |
| Comp. Equipment | 33 |
| Office Equipment | 20 |
| Furniture & Fittings | 8 |
| Other Loose tools | 20 |
| Catering equipment | 20 |
| Books & Reading Materials | 20 |
| Other equipment | 20 |
| Sport Equipment curtains | 20 |

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

Amortization rate of intangible assets used is 10%.

h) Research and development costs

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

- 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Polytechnic has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on

acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a Polytechnic 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)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Polytechnic determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

i) Inventories (Continued)

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 Polytechnic.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Polytechnic provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Polytechnic pays fixed contributions into a separate 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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

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) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Polytechnic based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Polytechnic. Such changes are reflected in the assumptions when they occur .IPSAS 1.140

Useful lives and residual values

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

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

Provisions

There were no Provisions during the Financial Year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a).TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

| Description | F/Y .2020/2021 | F/Y.2019/2020 |
|--|----------------------|----------------------|
| | KShs | KShs |
| Government grants | | |
| Capitation grants-NyNP | 38,602,500.00 | 31,657,250.00 |
| Operational grant-Kinangop TVC | 1,000,000.00 | - |
| Capitation grants-Kinangop TVC | 3,315,000.00 | - |
| Total government grants | 42,917,500.00 | 31,657,250.00 |
| Total government grants and subsidies | 42,917,500.00 | 31,657,250.00 |

(a).TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | 2019-2020 |
|--------------------------------------|--|---------------------------------------|------------------------------------|------------------------------------|----------------------|
| | KShs | KShs | KShs | KShs | KShs |
| MOEST-Grants(TNNP) | 38,602,500.00 | - | - | 38,602,500.00 | 30,657,250.00 |
| MOEST-Kinangop TVC Grants | 4,315,000.00 | - | - | 4,315,000.00 | 1,000,000.00 |
| Total | 42,917,500.00 | - | - | 42,917,500.00 | 31,657,250.00 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

| Description | 2020-2021 | 2019-2020 |
|---|---------------------|------------------|
| | KShs | KShs |
| Development Partners-SITVES Project | 3,704,484.00 | - |
| World Bank grants | - | - |
| In-kind Donations | - | - |
| Other grants | - | - |
| Total grants from development partners | 3,704,484.00 | - |

Reconciliations of grants from donors and development partners

| Description | 2020-2021 | 2019-2020 |
|---|------------------|------------------|
| | KShs | KShs |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 3,704,484.00 | - |
| Conditions met - transferred to revenue | 3,704,484.00 | - |
| Conditions to be met - remain liabilities | - | - |

8. RENDERING OF SERVICES

| Description | 2020-2021 | 2019-2020 |
|---|----------------------|-----------------------|
| | KShs | KShs |
| Tuition fees | 23,330,120.00 | 39,523,738.00 |
| Activity fees | 3,998,800.00 | 5,102,398.00 |
| Industrial attachment fees | 1,634,000.00 | 617,400.00 |
| Examination fees | 5,912,800.00 | 26,162,268.00 |
| Repairs Maintenance & Improvements | 2,307,000.00 | 4,137,109.00 |
| Personal Emoluments | 9,258,760.00 | 13,053,642.00 |
| Registration fees | 1,797,400.00 | 692,400.00 |
| Travelling & Transport | 2,768,400.00 | 4,822,899.00 |
| Students Welfare | 922,800.00 | 1,593,170.00 |
| Contingencies/Administration. | 4,152,600.00 | 7,357,972.00 |
| Development-Students | - | 210,220.00 |
| Medical | 922,800.00 | 1,590,650.00 |
| Boarding, Equipment & Stores | 20,520,760.00 | 47,957,370.00 |
| Electricity, Water & Conservancy | 3,076,000.00 | 4,413,208.00 |
| Driving School | - | 225,650.00 |
| Caution Money | 408,500.00 | 144,500.00 |
| Sundry debtors | - | 12,819,238.00 |
| Total revenue from the rendering of services | 81,010,740.00 | 170,423,832.00 |

**NYANDARUA NATIONAL POLYTECHNIC
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9. SALE OF GOODS

| Description | 2020-2021 | 2019-2020 |
|---|---------------------|---------------------|
| | KShs | KShs |
| Sale of Goods | | |
| Farm Income | 2,544,530.00 | 3,624,325.00 |
| Others-Driving School | 685,490.00 | - |
| Production Unit | 69,300.00 | - |
| Other Incomes-Advance repayment | 237,500.00 | - |
| Total revenue from the sale of goods | 3,536,820.00 | 3,624,325.00 |

10. RENTAL / HIRE OF FACILITIES AND EQUIPMENT

| Description | 2020-2021 | 2019-2020 |
|----------------------------------|-------------------|---------------------|
| | KShs | KShs |
| Hire of facilities and equipment | 312,800.00 | 5,931,671.00 |
| Contingent rental | - | - |
| operating lease revenue | - | - |
| Total | 312,800.00 | 5,931,671.00 |

11. USE OF GOODS AND SERVICES

| Description | 2020-2021 | 2019-2020 |
|---|---------------|---------------|
| | KShs | KShs |
| Tuition and Training materials | 8,219,408.00 | 19,680,197.14 |
| Industrial Attachment Costs | 638,215.00 | 1,161,502.00 |
| Electricity, Water & Conservancy | 1,814,700.89 | 3,886,435.00 |
| Water | 683,125.37 | |
| Advertising Costs | 962,707.00 | 333,080.00 |
| Security services | 1,314,223.00 | 800,000.00 |
| Subscriptions | 439,625.00 | 182,500.00 |
| Administration Expenses | 770,518.00 | 1,108,380.00 |
| Examination fees | 1,188,440.00 | 17,920,290.00 |
| Audit fees | - | - |
| Conferences | 721,620.00 | |
| Performance Contract | 9,224,204.00 | 11,249,010.00 |
| Travelling, Transport and Accommodation | 6,230,130.00 | 3,475,055.00 |
| Boarding, Equipment & Stores | 19,968,499.50 | 19,143,462.00 |
| Fuel and oil | 964,569.00 | 1,198,250.00 |
| Insurance | 941,390.00 | 577,815.00 |
| Legal expenses | 94,681.00 | - |
| Licenses and Patents | 118,050.00 | - |
| Postage | 17,584.00 | - |

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| | | |
|--------------------------------------|----------------------|----------------------|
| Printing and stationery | 3,313,080.50 | - |
| Hire of Facility | 344,815.00 | 4,551,357.00 |
| Activity Expense | 1,212,580.00 | 2,019,275.00 |
| Rent expenses | - | - |
| Skills development levies | 6,352,858.00 | - |
| Telecommunication expenses | 1,737,000.00 | 1,352,120.00 |
| Internet expenses | 1,080,976.40 | - |
| Student Welfare | 376,340.00 | 1,083,350.00 |
| Training expenses | - | 3,036,342.00 |
| Service Charter | - | 154,500.00 |
| Medical Expense | 671,508.00 | 277,067.00 |
| Driving School Expense | 137,181.00 | 86,775.00 |
| Farm Expense | 1,359,440.00 | 2,088,570.00 |
| Caution refunds | 194,500.00 | |
| Production Unit Expenses | 55,105.00 | - |
| Other Costs/Contingencies | 1,656,641.00 | - |
| Kinangop TVC | 4,315,000.00 | - |
| Development Partners-SITVES Projects | 2,072,879.50 | - |
| Total good and services | 79,191,594.16 | 95,365,332.14 |

12. EMPLOYEE COSTS

| | 2020-2021 | 2019-2020 |
|------------------|----------------------|----------------------|
| | KShs | KShs |
| Basic pay | 14,885,214.85 | 8,592,158.00 |
| House allowance | 1,251,000.00 | 1,217,850.00 |
| Medical/NHIF | 502,200.00 | 319,650.00 |
| Commuter | 1,353,000.00 | 673,500.00 |
| Responsibility | 62,838.00 | 82,622.00 |
| NSSF | 1,321,664.00 | 436,680.00 |
| Contractual | - | 6,072,161.00 |
| Leave allowance | 126,000.00 | - |
| Gratuity | 299,710.00 | - |
| HELB deductions | 159,046.00 | - |
| KUDHEIHA workers | 55,800.00 | - |
| PAYE deductions | 1,017,363.50 | - |
| Salary advance | 242,500.00 | - |
| Casual labourers | 1,540,871.00 | 1,787,153.20 |
| TOTAL | 22,817,207.35 | 19,181,774.20 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. REMUNERATION OF DIRECTORS

| Description | 2020-2021 | 2019-2020 |
|----------------------------------|---------------------|---------------------|
| | KShs | KShs |
| Chairman's Honoraria | - | - |
| Directors emoluments | 1,277,000.00 | 1,140,000.00 |
| Other allowances-Accommodation | 19,000.00 | 505,000.00 |
| Total director emoluments | 1,296,000.00 | 1,645,000.00 |

14. DEPRECIATION AND AMORTIZATION EXPENSE

| Description | 2020-2021 | 2019-2020 |
|--|----------------------|----------------------|
| | KShs | KShs |
| Property, plant and equipment | 18,994,669.69 | 10,904,899.00 |
| Intangible assets | 180,959.00 | 201,065.55 |
| Total depreciation and amortization | 19,175,628.69 | 11,105,964.55 |

15. REPAIRS AND MAINTENANCE

| Description | 2020-2021 | 2019-2020 |
|---------------------------------------|---------------------|---------------------|
| | KShs | KShs |
| Property, Plant & Equipment | 3,400,650.00 | 1,812,540.00 |
| Investment property – earning rentals | - | - |
| Equipment and machinery | - | - |
| Vehicles | 486,100.00 | 786,712.00 |
| Furniture and fittings | - | - |
| Computers and accessories | - | - |
| Other | - | - |
| Total repairs and maintenance | 3,886,750.00 | 2,599,252.00 |

16. CASH AND CASH EQUIVALENTS

| Description | 2020-2021 | 2019-2020 |
|--|-----------------------|-----------------------|
| | KShs | KShs |
| Current account | 100,450,045.11 | 179,445,342.00 |
| On - call deposits | - | - |
| Fixed deposits account | - | - |
| Staff car loan/ mortgage | - | - |
| Others(specify) | - | - |
| Total cash and cash equivalents | 100,450,045.11 | 179,445,552.00 |

**NYANDARUA NATIONAL POLYTECHNIC
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16(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

| | | 2020-2021 | 2019-2020 |
|------------------------------|-----------------------|-----------------------|-----------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Equity Bank, Nyahururu | 0160296471157 | 20,473,250.79 | 12,602,137.00 |
| CO-OP Bank, Nyahururu | 01129038043701 | 74,269,366.02 | 160,981,117.00 |
| CO-OP Bank, Nyahururu | 01129038043702 | 5,091,642.80 | 5,862,089.00 |
| K.C.B-SITVES Project | 1277343047 | 615,604.50 | - |
| Sub- total | | 100,449,864.11 | 179,445,343.00 |
| b) Others | | | |
| Cash in hand | | 181.00 | 209.00 |
| Mobile Money account | | - | - |
| Sub- total | | 181.00 | 209.00 |
| Grand total | | 100,450,045.11 | 179,445,552.00 |

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Description | 2020-2021 | 2019-2020 |
|----------------------------------|----------------------|----------------------|
| | KShs | KShs |
| Current receivables | | |
| Student debtors | 28,116,596.55 | 12,534,238.00 |
| Rent debtors | - | - |
| Consultancy debtors | - | - |
| Advance | 242,500.00 | 285,000 .00 |
| Less: impairment allowance | - | - |
| Total current receivables | 28,359,096.55 | 12,819,238.00 |

**NYANDARUA NATIONAL POLYTECHNIC
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18. PROPERTY, PLANT AND EQUIPMENT

| Details | Land | Buildings, Extensions & Other infrastructures | Machinery | Motor Vehicles | Comp. Equip | Office Equip | Furniture & Fittings | Other Loose | Catering | Books & Reading | Other Equip | Sports Eqipt & | Total |
|-----------------------------------|--------------------|--|------------------|-------------------|----------------|-----------------|-------------------------|----------------|------------|--------------------|----------------|-------------------|--------------------|
| | Kshs | Kshs. | Kshs | Kshs | Kshs | Kshs | Kshs & Fittings | Tools | equipment | Materials | Kshs | Curtains | Kshs |
| Depreciation rate | - | 0.04 | 0.08 | 0.25 | 0.33 | 0.20 | 0.08 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | - |
| NBV as at 1st July, 2019 | 200,000,00 0.00 | 123,306,549.00 | 2,506,680. 00 | 4,161,164.00 | 1,673,620.00 | 331,452.96 | 7,642,856.0 0 | 145,664.64 | 703,468.96 | 848,522.88 | 1,601,983.68 | 547,020.80 | 343,468,98 3.00 |
| Additions during the year | - | 571,578.00 | - | 7,877,250.00 | 1,265,900.00 | - | 675,990.00 | - | - | - | 1,293,820.00 | - | - |
| Disposal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| As at 30th June, 2020 | 200,000,00 0.00 | 123,878,127.00 | 2,506,680. 00 | 12,038,414.0 0 | 2,939,520.00 | 331,452.96 | 8,318,846.0 0 | 145,664.64 | 703,468.96 | 848,522.88 | 2,895,803.68 | 547,020.80 | 355,153,52 0.92 |
| Depreciation for the Year | - | 4,955,125.00 | 200,534.40 | 3,009,603.50 | 979,742.00 | 66,290.59 | 665,507.68 | 29,132.93 | 140,693.79 | 169,704.58 | 579,160.74 | 109,404.16 | 10,904,899. 36 |
| NBV as at 30th June, 2020 | 200,000,00 0.00 | 118,923,002.00 | 2,306,145. 60 | 9,028,810.50 | 1,959,778.00 | 265,162.37 | 7,653,338.3 2 | 116,531.71 | 562,775.17 | 678,818.30 | 2,316,642.94 | 437,616.64 | 344,248,62 1.56 |
| Additions during the Quarter | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| As at 30th Sept, 2020 | 200,000,00 0.00 | 118,923,002.00 | 2,306,145. 60 | 9,028,810.50 | 1,959,778.00 | 265,162.37 | 7,653,338.3 2 | 116,531.71 | 562,775.17 | 678,818.30 | 2,316,642.94 | 437,616.64 | 344,248,62 1.56 |
| Depreciation for the Quarter | 0.00 | 1,189,230.02 | 46,122.91 | 564,300.66 | 161,681.69 | 13,258.12 | 153,066.77 | 5,826.59 | 28,138.76 | 33,940.92 | 115,832.15 | 21,880.83 | 2,333,279.4 0 |
| NBV as at 30th September, 2020 | 200,000,00 0.00 | 117,733,771.98 | 2,260,022. 69 | 8,464,509.84 | 1,798,096.32 | 251,904.25 | 7,500,271.5 5 | 110,705.13 | 534,636.41 | 644,877.39 | 2,200,810.80 | 415,735.81 | 341,915,34 2.16 |
| Additions during the Quarter 2 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Disposal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| As at 30th Dec, 2020 | 200,000,00 0.00 | 117,733,771.98 | 2,260,022. 69 | 8,464,509.84 | 1,798,096.32 | 251,904.25 | 7,500,271.5 5 | 110,705.13 | 534,636.41 | 644,877.39 | 2,200,810.80 | 415,735.81 | 341,915,34 2.16 |
| Depreciation for the Quarter | 0.00 | 2,354,675.44 | 90,400.91 | 1,058,063.73 | 296,685.89 | 25,190.42 | 300,010.86 | 11,070.51 | 53,463.64 | 64,487.74 | 220,081.08 | 41,573.58 | 4,515,703.8 |

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| | | | | | | | | | | | | | | |
|--------------------------------|------------|----------------|--------------|--------------|--------------|------------|--------------|-----------|------------|------------|--------------|------------|----------------|---|
| NBV as at 30th December, 2020 | 200,000.00 | 115,379,096.54 | 2,169,621.78 | 7,406,446.11 | 1,501,410.42 | 226,713.82 | 7,200,260.69 | 99,634.61 | 481,172.77 | 580,389.65 | 1,980,729.72 | 374,162.23 | 337,399,638.35 | 1 |
| Additions during the Quarter 3 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - | |
| Disposal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - | |
| As at 30th Mar, 2021 | 200,000.00 | 115,379,096.54 | 2,169,621.78 | 7,406,446.11 | 1,501,410.42 | 226,713.82 | 7,200,260.69 | 99,634.61 | 481,172.77 | 580,389.65 | 1,980,729.72 | 374,162.23 | 337,399,638.35 | |
| Depreciation for the Quarter | 0.00 | 3,461,372.90 | 130,177.31 | 1,388,708.65 | 371,599.08 | 34,007.07 | 432,015.64 | 14,945.19 | 72,175.92 | 87,058.45 | 297,109.46 | 56,124.33 | 6,345,293.99 | |
| NBV as at 30th March, 2021 | 200,000.00 | 111,917,723.64 | 2,039,444.47 | 6,017,737.47 | 1,129,811.34 | 192,706.75 | 6,768,245.05 | 84,689.42 | 408,996.85 | 493,331.20 | 1,683,620.26 | 318,037.89 | 331,054,344.36 | |
| Additions during the Quarter 4 | 0.00 | 50,169,410.39 | 1,017,000.00 | 0.00 | 2,895,000.00 | 0.00 | 1,166,050.00 | 0.00 | 0.00 | 26,570.00 | 2,956,100.00 | 0.00 | 58,230,130.39 | |
| Disposal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - | |
| As at 30th June, 2021 | 200,000.00 | 111,917,723.64 | 2,039,444.47 | 6,017,737.47 | 1,129,811.34 | 192,706.75 | 6,768,245.05 | 84,689.42 | 408,996.85 | 493,331.20 | 1,683,620.26 | 318,037.89 | 331,054,344.36 | |
| Depreciation for the Quarter | 0.00 | 4,476,708.95 | 163,155.56 | 1,504,434.37 | 372,837.74 | 38,541.35 | 541,459.60 | 16,937.88 | 81,799.37 | 98,666.24 | 336,724.05 | 63,607.58 | 7,694,872.69 | |
| NBV as at 30th June, 2021 | 200,000.00 | 157,610,425.09 | 2,893,288.92 | 4,513,303.10 | 4,660,188.66 | 154,165.40 | 7,392,835.45 | 67,751.54 | 327,197.48 | 421,234.96 | 4,302,996.21 | 254,430.31 | 382,597,817.11 | |

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18 (b) Property, Plant and Equipment at Cost

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

| | NBV |
|---|-----------------------|
| | Kshs |
| Land | 200,000,000.00 |
| Buildings | 157,610,425.09 |
| Plant and machinery | 2,893,288.92 |
| Motor vehicles, including motorcycles | 4,513,303.10 |
| Computers and related equipment | 9,966,047.62 |
| Office equipment, furniture, and fittings | 7,614,752.38 |
| Total | 382,597,817.11 |

19. INTANGIBLE ASSETS-SOFTWARE

| Description | 2020/2021 | 2019/2020 |
|----------------------------------|---------------------|---------------------|
| | KShs | KShs |
| Cost | 2,010,655.50 | 2,010,655.50 |
| At beginning of the July 2019 | 2,010,655.50 | 2,010,655.50 |
| Additions | - | |
| As at 30th June 2020 | 2,010,655.50 | 2,010,655.50 |
| Amortization and impairment | 201,065.55 | 201,065.55 |
| NBV as at 30th June 2020 | 1,809,589.95 | 1,809,589.95 |
| At beginning of July 2020 | 1,809,589.95 | - |
| Additions | - | - |
| As at 30th June 2021 | 1,809,589.95 | - |
| Amortization and impairment | 180,959.00 | - |
| NBV | 1,628,630.96 | 1,809,589.95 |

20. BIOLOGICAL ASSETS

| Description | 2020-2021 | 2019-2020 |
|--------------|-------------------|-------------------|
| | KShs | KShs |
| Cows | 370,000.00 | 370,000.00 |
| TOTAL | 370,000.00 | 370,000.00 |

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21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| Description | 2020-2021 | 2019-2020 |
|---------------------------------------|---------------------|---------------------|
| | KShs | KShs |
| Trade payables | 8,157,709.80 | 2,034,779.00 |
| Fees paid in advance | - | - |
| Third-party payments | - | - |
| Other payables | - | - |
| Total trade and other payables | 8,157,000.00 | 2,034,779.00 |

22. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

| Description | 2020-2021 | 2019-2020 |
|----------------------------|---------------------|---------------------|
| | KShs | KShs |
| Balance b/f | 1,672,393.00 | 1,672,393.00 |
| Add: Receipts for the year | 408,500.00 | |
| Total deposits | 2,080,893.00 | |
| Less: Refund for the year | 194,500.00 | |
| Total deposits | 1,886,393.00 | 1,672,393.00 |

23. DEFERRED INCOME

| Description | 2020-2021 | 2019-2020 |
|------------------------------------|------------------|----------------------|
| | KShs | KShs |
| Deferred Income | 18,000.00 | 30,697,774.00 |
| International funders | - | - |
| Public contributions and donations | - | - |
| Total deferred income | 18,000.00 | 30,697,774.00 |

Deferred Income movement is as follows:

| | National government | | Total |
|--------------------------------|---------------------|------------------|----------------------|
| | Kinangop TVC | Prepaid Fees | |
| Balance brought forward | | 30,697,774.00 | 30,697,774.00 |
| Additions during the year | - | 18,000.00 | 0 |
| Transfers to Capital fund | - | - | 0 |
| Transfers to income statement | - | 30,697,774.00 | 30,697,774.00 |
| Other transfers | - | - | 0 |
| Balance carried forward | - | 18,000.00 | 30,697,774.00 |

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24. CASH GENERATED FROM OPERATIONS

| | 2020-2021 | 2019-2020 |
|--|------------------------|-----------------------|
| | KShs | KShs |
| Surplus for the year before tax | 5,115,163.80 | 75,783,641.41 |
| Adjusted for: | | |
| Depreciation | 19,175,628.69 | 11,105,964.55 |
| Depreciation | (5,049,055.05) | |
| Finance cost | - | - |
| Working Capital adjustments | | |
| Increase in inventory | - | - |
| Increase in receivables | (15,539,858.55) | 81,561,043.00 |
| Decrease in deferred income | (30,679,774.00) | 25,085,041.00 |
| Increase in payables | 6,122,930.80 | (12,266,220.00) |
| Increase in payments received in advance | 214,000.00 | 144,500.00 |
| Net cash flow from operating activities | (20,640,964.31) | 182,551,849.00 |

25. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

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| | Total amount | Fully performing | Past due | Impaired |
|--|-----------------------|-------------------------|-----------------|-----------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | 12,819,238.00 | 12,819,238.00 | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 179,445,551.00 | 179,445,551.00 | - | - |
| Total | 192,264,789.00 | 192,264,789.00 | - | - |
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | 28,359,096.55 | 28,359,096.55 | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 100,450,045.11 | 100,450,045.11 | - | - |
| Total | 128,809,141.66 | 128,809,141.66 | - | - |

26. EVENTS AFTER THE REPORTING PERIOD

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

27. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

28. CURRENCY

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

**NYANDARUA NATIONAL POLYTECHNIC
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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: | Timeframe: |
|---|--|--|----------------|-------------------|
| FY 2019/2020 | Qualified Opinion | 1. To have policies: <ul style="list-style-type: none"> • Financial Management and procedure manual policy • Risk management and fraud policy. 2. To acquire ERP system. | Resolved | February 2022 |
| | | | | |

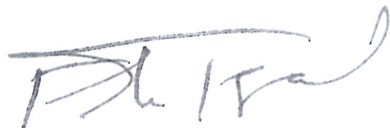
Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Chief Principal (Nyandarua National Polytechnic)

Council Secretary

Signature



Date.

29/9/2021

**NYANDARUA NATIONAL POLYTECHNIC
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

NYANDARUA NATIONAL POLYTECHNIC
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APPENDIX III: INTER-ENTITY TRANSFERS

| NYANDARUA NATIONAL POLYTECHNIC | | | | |
|--|-------------------|----------------------------|----------------------|--|
| Break down of Transfers from the State Department of Technical and Vocational Training | | | | |
| FY 2020/2021 | | | | |
| a. | Government Grants | | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | 03/07/2021 | 7,605,000.00 | FY 2019/2020 |
| | | 06/11/2021 | 7,560,000.00 | FY 2020/2021 |
| | | 09/11/2021 | 500,000.00 | FY 2020/2021 |
| | | 09/11/2021 | 307,500.00 | FY 2020/2021 |
| | | 12/02/2021 | 7,560,000.00 | FY 2020/2021 |
| | | 22/02/2021 | 97,500.00 | FY 2020/2021 |
| | | 30/03/2021 | 6,502,500.00 | FY 2020/2021 |
| | | 30/03/2021 | 1,872,500.00 | FY 2020/2021 |
| | | 30/06/2021 | 9,375,000.00 | FY 2020/2021 |
| | | 30/06/2021 | 1,537,500.00 | FY 2020/2021 |
| | | Total | 42,917,500.00 | |

The above amounts have been communicated to and reconciled with the Parent Ministry

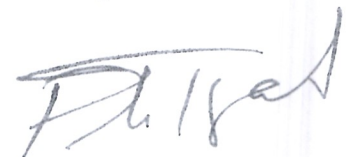
Finance Officer

Sign



Chief Principal

Sign



**NYANDARUA NATIONAL POLYTECHNIC
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APPENDIX IV. RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Where Recorded/recognized | | | | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|---------------------|------------------------------------|--------------|-------------|---------------------------|---------------------------------|
| | | | | Statement of Financial Performance | Capital Fund | Receivables | Others - must be specific | |
| Ministry of Education | 09/11/2021 | Recurrent | 500,000.00 | 500,000.00 | | | | 500,000.00 |
| Ministry of Education | 09/11/2021 | Capitation | 307,500.00 | 307,500.00 | | | | 307,500.00 |
| Ministry of Education | 22/02/2021 | Capitation | 97,500.00 | 97,500.00 | | | | 97,500.00 |
| Ministry of Education | 30/03/2021 | Capitation & Recurrent | 1,872,500.00 | 1,872,500.00 | | | | 1,872,500.00 |
| Ministry of Education | 30/06/2021 | Capitation | 1,537,500.00 | 1,537,500.00 | | | | 1,537,500.00 |
| Total | | | 4,315,000.00 | 4,315,000.00 | | | | 4,315,000.00 |



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