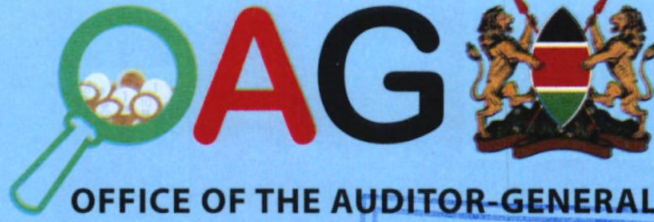


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 30 APR 2025

DAY:
30/4/25

PARLIAMENT
OF KENYA
LIBRARY

OF

TABLED BY: Leader of the Majority Party
CLERK-AT-THE-TABLE: Mado

THE AUDITOR-GENERAL

ON

**KENYA COAST NATIONAL
POLYTECHNIC**

**FOR THE YEAR ENDED
30 JUNE, 2024**



Kenya Coast National Polytechnic

Kisauni Road, P O Box 81220-80100 Mombasa, Telephone 0712725554, 0710389727

Email: info@kenyacoastpoly.ac.ke Website: www.kenyacoastpoly.ac.ke



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

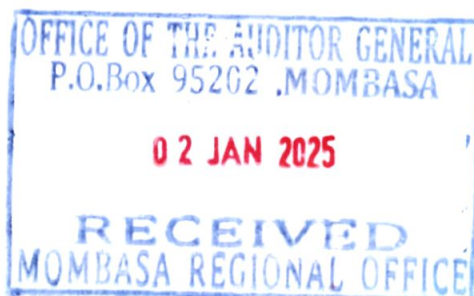


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1. ACRONYMS AND GLOSSARY OF TERMS

1. BED – Bachelor of Education
2. BSE – Bachelor of Science
3. CBET- Competency Based Education and Training
4. CPAK (K) – Certified Public Accountants – Kenya
5. EASTRIP – East Africa skills for Transformation and Regional Integration
6. EACC – Ethics and Anti – Corruption Commission
7. HOD – Head of Department
8. ICPAK – Institute of Certified Public Accountant of Kenya
9. IPSAS – International Public Sector Accounting Standards
10. KCNP- Kenya Cast National Polytechnic
11. MBA – Masters in Business Administration
12. MOE- Ministry of Education
13. MOU-Memorandum of Understanding
14. NIT – National Institute of Transport
15. PFM – Public Financial Management
16. PIU – Project Implementation Unit
17. PSASB – Public Sector Accounting Standards Boards
18. PSC- Public Service Commission
19. RTI – Railways Technical Institute – Kisumu
20. SIT - Sychelles Institute of Technology
21. SMA - Sychelles Marine Academy
22. STA – Sychelles Technical Academy
23. TTI- Technical Training Institute
24. TVC – Technical Vocational College
25. TVET - Technical and Vocational Education and Training
26. WB – World Bank

2. KEY ENTITY INFORMATION AND MANAGEMENT**(a) Background information**

Kenya Coast National Polytechnic (KCNP), formerly Mombasa Technical Training Institute (MTTI), is a public Technical and Vocational Education and Training (TVET) institution. It was established in 1950; then called Coast Technical High School. In 1958, it was renamed Technical High School of Mombasa. Upon the introduction of the 8-4-4 system of education in 1984, it was elevated to a Technical Training Institute and renamed Mombasa Technical Training Institute. In 2016, the institution acquired its National Polytechnic status through Kenya Coast National Polytechnic Order (2016) as published in the Legal Notice No. 88 and in conformity with the TVET Act No. 29 of 2013. The Polytechnic is managed by a Council which is appointed by the Cabinet Secretary of Education and the Chief Principal serves as the Secretary to the Council.

KCNP has seen tremendous growth in terms of courses offered and the student enrolment from an initial population of 23 students and 24 teaching staff in 1990 to over 6,000 students currently and 230 teaching staff (PSC teachers 117 and Council teachers 113 respectively). The current number of non-teaching staff is 102. This growth comes with challenges; the facilities are strained. Additionally, with changes in market demands and technology, the Polytechnic has to remain abreast and develop demand-driven curriculum. KCNP is implementing TVET reforms in line with the Government's Bottom Up Economic Transformation Agenda (BETA).

The Polytechnic is mandated to offer courses at Artisan to Higher National Diploma as well as Degree level in collaboration with a recognised University, plus a wide range of short-term certificate courses in the part-time programme.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**Vision.**

A leading centre of excellence in training.

Mission

To produce highly competent graduates for the modern world of work.

Mandate

To train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness

Core Functions

- To implement training in TVET programs.
- To carry out research programs.
- To develop and transfer science, technology and innovation into products and services.
- To benchmark with other institutions and liaise with industry
- To adopt programs that address the needs of the local community

Core Values

KCNP's Core Values include the following among others: -

- Honesty, integrity and transparency
- Quality leadership, excellence, innovativeness and creativity.
- Consultative decision-making
- World-class programmes and standards
- Respect for human and gender rights
- Professionalism, team spirit and discipline

(b) Key Management

Daily management is carried out under the following key divisions:

- Administration, Finance, Registrar and Academic

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Current Chief Principal	Ms Mary M. Muthoka
2.	Deputy Principal-Adm.	Mr Elphase Muge
3.	Deputy Principal- Accad.	Ms Jane Kariuki
4.	Financial Controller	CPA Clerkson O. Bolo
5.	Senior Procurement Officer	Ms Dorothy Nyagitari
7.	Ag .Dean of Students	Mrs Magdalene Kituku

(d) Fiduciary Oversight Arrangements

- Finance and Human Resource and infrastructure Committee of the Council
- Audit and Risk Committee of the Council

KENYA COAST NATIONAL POLYTECHNIC

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- Education, Training and Research Committee of the Council
- Full Council
- Academic Board

(e) KCNP Headquarter

P.O. Box 81220- Code 80100
Kisauni Road- Tononoka
Mombasa, Kenya

(f) KCNP Contacts

Telephone: 0712725554, 0710389727

E-mail: info@kenyacoastpoly.ac.ke

Website: www.kenyacoastpoly.ac.ke

(g) KCNP Bankers

1. KCB Bank Kenya ltd
Nkrumah Road
P.O. Box 902540
Treasury Square 4088
Mombasa, Kenya

(h) Independent Auditors




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

(i) Principal Legal Adviser

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

3.THE COUNCIL/BOARD OF GOVERNORS

<p>1.</p>  <p>Dr.. Patricia Mwaka Mvogoh – Chairperson D O B 23/02/1972 Id No 14493095</p>	<p>Dr.Patricia Mwaka Mvogoh Resume is a holder of Doctor of Philosophy in Human Nutrition, M.,Sc in Foods, Nutrition and Dietetics, B,Ed in Home Science and Technology. She has over20yrs working experience in the field of nutrition studies both research and field work.Currently she is lecturing at Pwani University</p>
<p>2</p>  <p>Mr. Shukri Baramadi – Member D O B 20/12/1952 Id No 0452692</p>	<p>Mr. Shukri Baranadi is a holder of BA administration of justice, Associate in Public Administration Security analyst. He has over 30yrs experience in Public administration.</p>
<p>3</p>  <p>Mr. Albert Kagwa Macharia- Member D O B 16/03/1986 Id No 24166427</p>	<p>Mr Albert Kagwa Macharia is a holder of MBA and Bachelor of Arts.He has over 12 years working experience in various positions at Kenya Commercial Bank. Currently he is the Regional sales Manager in the same Bank</p>
<p>4</p>  <p>Dr Luciana Sanzua- Member D O B 16/05/1972 Id No 11641473</p>	<p>Dr. Luciana Jumwa Sanzua is a holder a PhD in Horticulture, Master of Science (Horticulture), Bachelor of Science (Horticulture) and Diploma in Project Management. She is a leader and manager with 25 years' experience in the agricultural sector. She has diverse experience in the agricultural sector including; human and financial resource management, training, policy formulation and implementation; research and strategic management.</p>
<p>5</p>  <p>Eng. Nuru Bwanakombo- Member D O B 10/10/1974 Id No 11648666</p>	<p>Eng Nuru Bwanakombo is a holder of M. Eng in Coastal Engineering & Port Development, MSc. In Project Management and BSc. in Civil Engineering. She is a member of Institute of Engineers of Kenya, Engineers Board of Kenya. She has over 22 years working experience in various positions e.g., currently working as a Principal Project Civil Engineer</p>

<p>6</p>  <p>Mr. Peter Munyao Kimilu- Member D O B 28/08/974 Id No 12955338</p>	<p>Mr. Peter Munyao is a holder of MBA (Accounting option), Master of Arts Degree in Project Planning and Management, Bachelor of science Degree in Applied Accounting. He is a Certified Public Accountant (CPA), a Certified Credit Professional (CCP) and Association of Chartered Certified Accountants. He has been a lecturer for over 22 years and Financial/Management Consultant for over 10 years.</p>
<p>7.</p>  <p>Mr. Ephraim Munene Njeru-Member D O B 1968 Id No. 10333372</p>	<p>Mr. Ephraim Munene Njeru is a holder of Masters in Project Management and Bachelor of Education. He has a wide experience in Education sector and he has held a position of Assistant Director/ Principal Technical Accreditation and quality assurance officer. Currently he is the officer representing PS in the council.</p>
<p>8.</p>  <p>Ms Mary Muthoka- Chief Principal/Secretary D O B 28/11/1964 Id No 8833424</p>	<p>Ms. Mary Muthoka is the former chief Principal Machakos Technical Training Institute. She is a holder of BED- Business studies and Education and MBA in Management and Marketing Management. She has over 10 years' experience in management of TVET Institutions as a Principal.</p>

4. MANAGEMENT TEAM

 <p>Ms Mary Muthoka- Chief Principal/Secretary D O B 28/11/1964 Id No 8833424</p>	<p>Current Chief Principal/Secretary to the Council The Accounting Officer with effect from 23rd January, 2023</p>
 <p>Ms Elphase Muge –Ag Deans of Students. D O B 28/08/1971 Id No 11605342.</p>	<p>Deputy Principal- Administration. A holder of a degree in Supplies chain Management</p>
 <p>Ms Jane Kariuki – Deputy Principal- Academic DO B 5/1/1971 Id No 10889552</p>	<p>Deputy Principal in charge of Academic. A holder of M Ed</p>
 <p>CPA Clerkson Onyango Bolo- Financial Controller Reg. No. 5067 D O B 4/3/1968 Id No 9418429</p>	<p>Financial Controller in charge of Account /Finance department. A holder of MBA</p>

KENYA COAST NATIONAL POLYTECHNIC

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Mr. Julius Kasuva – Ag Registrar.
D O B 20/10/1975 Id No 13522642

In Charge of students’ admissions and career guidance. A holder of Masters in Instructional Design and Technology

5. CHAIRPERSON'S STATEMENT

Kenya Coast National Polytechnic (KCNP) has passed through four transitional levels. The various phases it has undergone so far reflect the Government of Kenya's concerted efforts in promoting education and training in line with the dynamic technological and industrial growth in Kenya and in Africa.

The transition of the Polytechnic has seen the growth of its programmes, the staff student's population, physical infrastructure and ICT. The increase of these resources without a balanced growth in financial support from the exchequer has however come with a number of challenges. It has been difficult to provide commensurate teaching resources with the growth in student numbers. The Polytechnic has also not been able to concentrate on the key area of research, innovation and technology transfer as required.

While the mandate of the Polytechnic provides for training highly skilled workforce that is suitable for further professional development through quality, inclusive and equitable TVET programs responsive to national and global competitiveness, there have been challenges related to the infrastructural developments as the government has not been providing the requisite capital expenditure. The financial statements reflect the financial status of the Polytechnic. More personnel are required for both teaching and non-teaching staff and that has necessitated Council to contract more teaching and non-teaching staff to alleviate the shortage. Government funding and capitation needs to be enhanced to cushion the challenge of cash inflow which may cripple the Polytechnic due to the increase in operation costs. The Polytechnic Council looks forward to supportive collaboration with the Government of Kenya to ensure continued development of the Polytechnic.



Dr. Patricia Mwaka Mbogoh.
Chairperson of Council

6. REPORT OF THE PRINCIPAL

Kenya Coast National Polytechnic, as part of its expansion strategy, has developed market driven programmes that address national priority areas in the fields of Business, Engineering, Science and Technology. Currently, the Polytechnic is offering one hundred and twenty-two (122) academic programmes in the said priority areas and continues to develop new CBET programmes. KCNP is committed to the advancement of knowledge through responsible research and scholarship addressing important current scientific, economic, social, and cultural questions. Further, Our strong linkages and collaboration with various stakeholders in TVET and the industry improve our visibility nationally and beyond. Moreover, to balance the development of new programmes and demand for Polytechnic education, the Polytechnic management, in consultation with the Governing Council, has continued to develop and retool its human resource especially the teaching staff.

The Polytechnic has developed and implemented work place policies to nurture holistic students and staff. Towards this end, KCNP has complied with gender and disability mainstreaming, alcohol and drug abuse prevention and intervention.

Valuation of Non-Current Assets

Fixed assets have been valued and the cost has been incorporated in the Financial Statement.

Variances

The Council observed that unfavourable variances on revenue were due to unpaid capitation by the Government. On the other hand, positive variances on expenditure especially on general, operating, use of goods expenses and repairs were due to strict control mechanism application that made most of the activities scaled to be down as a precautionary measure based on the actual revenue received. But for employment cost, the Polytechnic establishment for employees is yet to be met. Despite these variations, the council members noted that the general performance had a positive variance which is an indication that the council did not commit funds beyond its revenue limit. This therefore caused the Polytechnic to realise a surplus of Ksh 89,057,810

Sundry Creditors

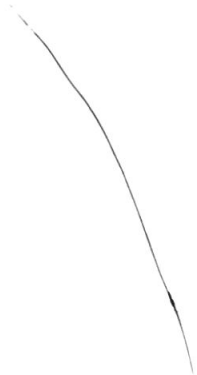
By the end of the fiscal period, the Polytechnic had unpaid supplies amounting to ksh. 14,278,065. This was due to careful and rigorous processing of documents to facilitate payments by the accounts department and also goods and services acquired at the end of the fiscal period. The Polytechnic does not have any pending bill.

Development Projects

The Polytechnic received a total of ksh. 31,400,107 from the Government as a development grant for Kilifi North TVC (ksh 13,586,774) and Lamu West TVC (ksh 17,813,333). On the other hand, the Polytechnic collected a total of ksh. 4,024,569 as development funds internally. The Polytechnic managed a capital expenditure worth Ksh 99,306,797 that was comprised of acquisition of driving school Saloon car, tools and equipment, Construction of graduation square, construction of cabro paving, building wall fence at Kilifi Campus land, Major renovation of Civil engineering block, BCE block, Administration block and Software etc.



Mr. Geoffrey Nyamweya Andama
Chief Principal/Council Secretary



7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The statement is based on East Africa Skills for Transformation and Regional Integration Project (EASTRIP). The EASTRIP predetermined key objective is to increase the access and improve the quality of TVET programs in the Polytechnic and to support regional integration in East Africa. The Polytechnic Industrial Advisory board was established to assist improvement of the quality of the programmes offered and also to enhance recruitment of both local and regional students. Members of the project implementation unit were appointed by the Project Manager. Achieved objectives of the project as per the program plan are as follows:

1. Strengthening Governance & Management

- Strategic development plan developed and approved
- Project Implementation unit established
- Training for Council and top Management was done (corporate governance)
- Strategic plan revised, Sustainability plan developed
- Policy on Scholarship developed
- Guidelines for Staff attachment and foreign exchanges developed.
- Project office established and furnished
- Benchmarking was done with (RTI Kisumu, Egerton University, Caribbean Maritime University, NIT Tanzania, Arab Academy for Science Technology and Maritime Transport and Seychelles (SIT, SMA and STA)

2. Institutionalizing Industry Linkages

- Eight stakeholder forums were conducted
- Industrial Advisory Board was established with 86% representation from the industry
- Eleven Memorandum of Understandings (MOUs) were signed
- Thirty-one members of Staff underwent for staff attachment
- Student attachment is continuously being conducted
- Tracer studies conducted annually and representatives from all departments trained
- One hundred and eleven regional students enrolled.

3. Development of Market Relevant CBET Curriculum

- Labour Market Survey Conducted
- Eleven curriculums have been developed, 3 Short term and 4 long term.
- Four other curriculums have been developed and awaiting approval
- E learning platform established

4. Training School Managers and Trainers

- Training Needs assessment for Staff.
- Ten Heads of sections trained on supervisory skills development.
- Thirteen Members of Staff were trained on Project Management PMP (PIU & 6 others)
- Six Staff members trained on Public Relations & Customer care
- Six staff members trained on sign language course.
- Nineteen members of staff (HODs) trained on senior management course (SMC)
- Four staff members trained on sign language course

5. Upgrade of Key Training Facilities and Infrastructure

- Project Bus procured and delivered
- Contract for supply of equipment signed and delivered in full.
- All consignments of equipment have been delivered.
- Designs for Buildings Complete including ESIA
- Evaluation for construction done.
- Contract for construction signed and construction at 75% as per the progress implementation report while as per as per Financial statement, based on actual payment, it is 45.46%'
- Grievance Redress Committee established and trained
- Grievance reporting system adopted.

6. Outreach to Non Project National TVET

- Needs for support has been received from Ukunda Youth
- Fifteen Institutions have been trained and allowed to use our Learning Management System

8. CORPORATE GOVERNANCE STATEMENT

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

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

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

The council provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the service. The council is composed of skilled and experienced persons and carry out their functions effectively. Full council meetings are held quarterly while council committees are held frequently as needs may arise.

General Responsibilities

The council has a duty to the people of Kenya to ensure that the Kenya Coast National Polytechnic achieves its objectives efficiently and effectively and in compliance with PFM Act 2012, TVET Act 2013 and Polytechnic order 2016. Some of the statutory powers of the polytechnic are:

- To ensure that proper management structure is in place and the management maintain the corporate integrity, reputation and responsibility.
- To monitor and evaluate the implementation of strategies, policies and management plans of the polytechnic.
- To consistently review the viability and financial sustainability of the polytechnic.
- To ensure that The Polytechnic complies with all the relevant laws.

Council Remuneration

The council members are paid a sitting allowance and travelling expenses for meeting attended.

Risk Management and Internal Controls

The council has overall responsibility for the establishment and oversight of The Polytechnics risk management frameworks. The risk management policies are established to identify and analyse the risk faced by The Polytechnic and to set appropriate risk limits and controls to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislations and services offered. The polytechnic identifies and manage risk through in-house risk review enhanced by compliance, internal and external audits.

Conflict of Interest

All council members are under a duty to avoid conflict of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with The Polytechnic business transactions.

Compliance

The council confirms that it is satisfied that The Polytechnic has adequate resources to continue operating for the foreseeable future. Because of this, The Polytechnic continues to adopt the Going Concern basis when preparing the financial statements.

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The council is satisfied that The Polytechnic has to the best of their knowledge, comply with all relevant laws and conduct its business affairs in accordance with the law in particular to the PFM Act 2012, TVET Act 2013 and Polytechnic order 2016.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Management noted that the Polytechnic realized more surplus compared with the previous financial year. The Polytechnic realized a surplus of ksh 89,057,810 (18.4%) and as compared to the previous year which was ksh 37,383,508 (9%). 70% absorption of the budgetary allocation and 87% realization of the budgeted revenue. The Management also noted that the Polytechnic liquidity ratio is still strong and is currently stands at 2.1 as well as acid test ratio at 1.6.

10. REPORTS ON PROJECTS IMPLEMENTED AND INTER-ENTITY TRANSFERS

The Management of Kenya Coast National Polytechnic since 2014 was tasked to mentor nine (9) Technical Training Institutions. These institutions are: Ahmed Shahame TVC, Kaloleni TVC, Likoni TVC, Lungalunga TVC, Weru TVC, Lamu East TVC, Lamu West (Mpeketoni) TVC, Godoma TVC and Kilifi North TVC. Ahmed Shahame TVC, Kaloleni TVC, Likoni TVC, Lungalunga TVC, Weru TVC, Lamu East TVC, and Godoma TVC have all been completed and the Ministry has already posted Principals to manage them.

11. REPORT OF THE COUNCIL

The Governing Council submit their report together with the audited financial statements for Period ended June 30, 2024 which show the state of The Kenya Coast National Polytechnic's affairs.

Principal activities

The principal activity of the Polytechnic is training

Results

The results of the entity for the year ended 30th June, 2024 are set out on page 1.

COUNCIL OF GOVERNORS

The members of the Council who served during the year are shown on page.vi to vii

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 Board



Mr. Geoffrey Nyamweya Andama
Chief Principal/Council Secretary

Date: 30/12/2024

12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and Section 14 and 15 (1) of the State Corporations Act, require Council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year and the operating results of the Polytechnic for that period. The Council are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council is also responsible for safeguarding the assets of the Polytechnic.

The Council is responsible for the preparation and presentation of the Polytechnic 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, 2024. 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 entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the Polytechnic financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the Polytechnic financial statements give a true and fair view of the state of Polytechnic transactions during the financial year ended June 30, 2024, and of the Polytechnic financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the Polytechnic, which have been relied upon in the preparation of the Polytechnic 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 financial statements were approved by the Council on 28/9/2024 and signed on its behalf by:

Dr. Patricia Mwaka Mbogoh.
Chairperson of Council

Mr. Geoffrey Nyamweya Andama
Chief Principal/Council Secretary

13. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Coast National Polytechnic Management has designated an area to temporarily store garbage from the kitchen and Food & Beverage Department, that is collected within two days by a licensed NEMA waste handler for disposal at a registered dumping site

The Polytechnic has outsourced gardening contractor responsible for watering & plant trees, pruning, naming trees and propagating endangered species of trees. The polytechnic is keen to increase forestry, gardens, grass and avoiding cutting of trees.

The polytechnic is served by municipal water though ground water is the main source of water supply. We have one borehole at the centre of the Polytechnic meeting our water demands. We also collect rain water in underground & surface tanks combined at Building & Civil Engineering block, administration block, applied science block and Chandaria hall. An effort to allow ground water to recharge and avoid depletion.

The polytechnic is not sewered. we have septic tanks for management of sewage. Much waste water is generated from hostels, kitchens and toilets. We have upgraded our system to include battle tanks for effective waste disposal from septic tanks to soak pits to meet water quality regulations. We have no water treatment plant. We are working closely with sewage companies to exhaust any overflows.

We are served by Kenya Power lines. We have a standby generator to meet the power supply demands within the facility. We are wishing on moving to blue economy to utilize solar energy in future to conserve on use of petroleum fuel backups

Key sustainability strategic themes

Sustainability strategic themes refers to the key elements for sustainability that lead to the achievement of the goals of Kenya Coast National Polytechnic –EASTRIP project sustainability. It includes the fundamental forces that will propel the Kenya Coast National Polytechnic –EASTRIP project towards its intended objectives, vision, mission, strategies, and core values, all developed from situational analysis of the organization. The result of situational analysis yields strategies and integrated activities, which are allocated scarce resources within the institutional environment so as to meet the present objectives. It is with this background, that Kenya Coast National Polytechnic –EASTRIP project leadership team will propel all the elements of the sustainability strategic themes to generate synergy and positive morale in Kenya Coast National Polytechnic –EASTRIP project wellbeing and sustainable growth. 4.2 EASTRIP Sustainability Strategic Theme

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENYA COAST NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Coast National Polytechnic set out on pages 1 to 24 which comprise the statement of financial position

as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Coast National Polytechnic as at 30 June, 2024 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 Training Act, 2013, the Kenya Coast National Polytechnic Order, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalent Balance

The statement of financial position and Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.421,776,024. However, review of the bank reconciliation statement for the Main account show unrepresented cheques totalling Kshs.1,568,547 and uncredited and delayed banking of Kshs.9,680,807 which were not supported with schedules showing transaction dates when the cheques cleared.

Further, details of direct banking totalling Kshs.1,832,549 in the college fund account were not supported with a schedule showing transaction dates in the bank reconciliation statement. Although Management explained that these were direct payments to the bank account by students, the transactions dates and the dates when the banking slips were presented and captured in the cash book were not provided for audit review.

In addition, the supporting schedule for direct banking of Kshs.3,444,936 in the production unit account did not include the transaction dates in the bank reconciliation statement and the dates when the banking slip were presented and captured in the cash book.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.421,776,024 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.173,319,581. Included in the balance are receivables totalling Kshs.112,525,226 which have remained outstanding for a duration of more than one year.

In the circumstances, recoverability and valuation of the receivables from exchange transactions balance of Kshs.173,319,581 could not be confirmed.

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

Emphasis of Matter

Budget Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.556,239,000 and Kshs.482,963,479 respectively, resulting to under collection of Kshs.73,275,521 or 13% of the budget. Similarly, Management spent Kshs.393,905,669 against the budgeted expenditure of Kshs.562,371,000 resulting in an under-expenditure by Kshs.168,465,331 or 30% of the budget.

The underfunding and under-expenditure affected implementation of planned activities resulting in a negative impact on delivery of services to the citizens.

My opinion is not modified in respect of these matters.

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. Except for the matters described in the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

Unresolved Prior Year Audit matters

In the audit report for the previous financial year, several issues were raised in respect of the Report on the Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. Although Management has reported that some of the issues have not been resolved, no evidence was provided to show steps taken by Management to resolve the prior year's audit matters.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Payment of Sitting Allowance

The statement of financial performance and Note 15 to the financial statements reflects operating expenses amounting to Kshs.77,496,283. Included in this amount is Kshs. 821,000 and Kshs.12,841,448 incurred on internal committee allowances and contingencies expenses respectively. However, review of payments totalling Kshs.2,037,500 revealed that internal committees were paid sitting allowances for ad hoc tender and recruitment committees which were done within the institutions premises contrary to Salaries and Remuneration Commission (SRC) circular reference Number: SRC/ADM/11(156) of 7th August 2023 which states that institutional internal committees are constituted to facilitate the execution of the mandate of the institution. Therefore, payment of sitting allowances to institutional internal committees in addition to the basic salaries amounts to double compensation. Consequently, SRC advises that the allowance ceases to be payable to public officers.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

KENYA COAST NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

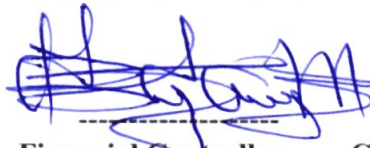
15. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–Capitation	5	75,722,500	104,204,000
Transfers from the National Government–PSC	5	12,377,625	4,845,600
Transfers from the National Government–Grant	5	29,324,000	
		117,424,125	109,049,600
Revenue from exchange transactions			
Rendering of services- Fees from students	6	299,018,476	248,972,610
Other Services Rendered	7	45,280,804	51,415,915
Rental revenue from facilities and equipment	8	1,126,300	439,700
Other income	9	20,113,774	5,536,418
Total Revenue from exchange transactions		<u>365,539,354</u>	<u>306,364,643</u>
Total revenue		<u>482,963,479</u>	<u>415,414,243</u>
Expenses			
Employee costs	10	84,632,065	83,483,919
Remuneration of Council Members	11	13,854,305	8,714,081
Depreciation	12	56,052,591	56,885,006
Repairs and maintenance	13	42,648,999	30,577,994
General Expenses	14	88,021,362	97,578,116
Operating Expenses	15	77,496,283	73,606,515
Use of Goods and Services	16	31,200,064	27,185,104
Total expenses		393,905,669	378,030,735
Net Surplus for the year		89,057,810	37,383,508

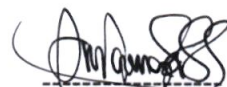
The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements.



Chairperson of Council



Financial Controller



Chief Principal/Council Secretary

ICPAK No 5067

Date. 30/12/2024


Date 30/12/2024

KENYA COAST NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

16. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023-2024 Kshs	2022-2023 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	421,776,024	532,741,198
Receivables from exchange transactions	18	173,497,102	148,184,243
KCNP-EASTRIP expenses	18b	533,587,741	337,171,096
Inventory	19	10,583,333	7,127,039
Total current assets		1,139,444,200	1,025,223,576
Non-current assets			
Property, plant and equipment	20	1,711,229,232	1,660,188,525
Intangible assets	21	18,168,502	22,527,163
Mentored Institutions Projects/works	22	429,862,145	407,410,192
Total Non-current assets		2,159,259,879	2,090,125,880
Total assets		3,298,704,079	3,115,349,456
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	271,851,342	325,564,030
Non-current liabilities			
Total liabilities		271,851,342	325,564,030
Net assets		3,026,852,737	2,789,785,426
Mentored Institutions Grants	24	456,910,442	425,510,335
Reserves	25	71,150,384	62,125,815
Accumulated surplus	26	342,876,414	258,541,540
Capital Fund	27	1,604,842,376	1,604,842,366
World Bank- EASTRIP	28	551,073,121	438,765,370
Total net assets and liabilities		3,026,852,737	2,789,785,426

The Financial Statements set out on pages 1 to 5 were signed on behalf of The Polytechnic Council by



Chairperson of Council



Financial Controller



Chief Principal/Council Secretary

ICPAK No 5067

Date. 30/12/2024

Date 30/12/2024

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR END 30 JUNE 2024

	Mentored TTI Fund	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At 30 June, 2021	382,220,743	40,764,257	209,689,795	1,628,350,187	2,261,024,982
Surplus for the year	-----	-----	15,570,950	-----	15,570,950
Reserve for the year	-----	11,402,936			11,402,936
Development grant for Mentored Institutions- Kilifi TTI- MOHEST	12,573,440	-----	-----	-----	12,573,440
Development grant for Mentored Institutions- Kilifi Noth CDF	10,000,000	-----	-----	-----	10,000,000
Development grant for Mentored Institutions- lamu East CDF	11,400,000	-----	-----	-----	11,400,000
Monitor & Evaluation Expenses	-----	-----	-----	(1,035,800)	(1,035,800)
Interest Earned –transferred back to EASTRIP from KCNP	-----	-----	(4,102,713)	-----	(4,102,713)
Decrease in Land & Swimming pool Valuation	-----	-----	-----	(107,080,075)	(107,080,075)
Increase of valuation of other assets	-----	-----	-----	74,589,805	74,589,805
Increase in valuation of Intangible assets	-----	-----	-----	10,018,259	10,018,259
At 30 June, 2022	416,194,183	52,167,193	221,158,032	1,604,842,376	2,294,361,784
Development grant for Mentored Institutions- Kilifi TTI- MOE	5,316,152	-----	-----	-----	5,316,152
Development grant for Mentored Institutions- Lamu West TTI- MOE	4,000,000	-----	-----	-----	4,000,000
Reserve for the year	-----	9,958,622		-----	9,958,622
Surplus for the year	-----	-----	37,383,508	-----	37,383,508
At 30 June, 2023	425,510,335	62,125,815	258,541,540	1,604,842,376	2,351,020,066
Development grant for Kilifi	13,586,774				13,586,774
Development grant for Lamu West	17,813,333				17,813,333

KENYA COAST NATIONAL POLYTECHNIC**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	Mentored TTI Fund	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
Reserve for the year		9,024,569			9,024,569
Surplus for the year			89,057,810		89,057,810
Previous year payments Adjustment			(4,722,936)		(4,722,936)
At 30 June, 2024	456,910,442	71,150,384	342,876,414	1,604,842,376	2,475,779,616

KENYA COAST NATIONAL POLYTECHNIC

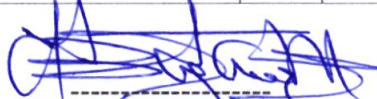
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

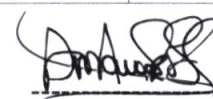
	Not es	2023-2024	2022-2023
		Ksh	Kshs
Cash flows from operating activities			
Receipts			
Government grants-PSC Short listing	5	12,377,625	4,845,000
Government grants	5	29,324,000	-----
Government Capitation	5	75,722,500	104,204,600
Rendering of services- Fees from students	6	299,018,476	248,972,610
Other Services Rendered	7	45,280,804	51,415,915
Rental revenue from facilities and equipment	8	1,126,300	439,700
Other income	9	20,113,774	5,536,418
Mentored Institution grants	24	31,400,107	9,316,152
Decrease/increase in payables	23	(53,712,688)	(23,219,623)
Internal Development Fund/Reserve	25	4,024,569	4,958,622
World Bank- EASTRIP	28	112,307,751	119,662,657
Total Receipts		576,983,218	526,132,051
Payments			
Compensation of employees	10	84,632,065	83,483,919
Remuneration of Council Members	11	13,854,305	8,714,081
Repairs and maintenance	13	42,648,999	30,577,994
General Expenses	14	88,021,362	97,578,116
Operating Expenses	15	77,496,283	73,606,515
Use of Goods and Services	16	31,200,064	27,185,104
Increase/Decrease in receivable	18	25,312,859	(162,940,158)
KCNP-EASTRIP expenses	18b	196,416,645	337,171,096
Decrease/Increase in Inventory	19	3,456,294	3,070,786
Mentored Institution projects/works	22	22,561,953	32,019,074
Total Payments		585,600,829	530,466,527
Net cash flows from operating activities		(8,617,611)	(4,334,476)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(102,347,563)	(25,399,558)
Net increase/(decrease)in cash and cash equivalents		(110,965,174)	(21,065,082)
Cashandcashequivalentsat1JULY 2023	17	532,741,198	553,806,280
Cashandcashequivalentsat30 JUNE 2024	17	421,776,024	532,741,198



Chairperson of Council



Financial Controller



Chief Principal/Council Secretary

ICPAK No 5067

Date. 30/12/2024

Date 30/12/2024

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

19. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Original budget	Adjustment	Final Budget	Actual on comparable basis	%Performance difference
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
Revenue	Kshs			Kshs	
Government recurrent grants- PSC-Shortlisting	50,000,000	0	50,000,000	29,324,000	59
PSC-Shortlisting				12,377,625	
Government grants/Capitation	150,000,000	0	150,000,000	75,722,500	50
Rendering of services- Fees from students	298,901,000	0	298,901,000	299,018,476	100
Other Incomes	57,338,000	0	57,338,000	66,520,878	116
Total income	556,239,000	0	556,239,000	482,963,479	87
Expenses		-----			
Compensation of employees	109,035,000	0	109,035,000	84,632,065	78
Council Members allowances	7,763,000	7,837,000	15,600,000	13,854,305	89
General, Operating and Use of Goods Expenses	343,236,000	0	343,236,000	196,717,709	57
Repairs and Maintenance	44,500,000	0	44,500,000	42,648,999	96
Provision of depreciation	50,000,000	0	50,000,000	56,052,591	112
Total expenditure	554,534,000	7,837,000	562,371,000	393,905,669	70
Surplus for the period	1,705,000		(6,132,000)	89,057,810	
Capital Expenditure	654,795,950	-----	654,795,950	99,306,797	15.2

Explanations on the variances

- The unfavourable variance on revenue were due to Government not remitting full capitation.
- Positive Variance on general, operating, use of goods and repairs were due to the instilled control mechanism that lead to scaling down of the operational activities' as a precautionary measure based on the actual revenue received.
- For employees cost, the Polytechnic yet to meet employee establishment.
- For Capital expenditure underperformance was due to insufficient funds.

20. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Coast National Polytechnic is established by and derives its authority and accountability from the Public Finance Management Act, 2012. KCNP is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic 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 KCNP accounting policies.

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

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards- Accrual (IPSAS). The Polytechnic adopted IPSASA-Accrual in the FY 2023/2024. The accounting policies adopted have been consistently applied to all the years presented.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2023/2024 was approved by the Council Members on 29th January, 2023. Some revisions or additional appropriations were made to the approved budget.

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.

c) Property, plant and equipment

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

d) 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.

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 Entity.

e) 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 Kenya Commercial Bank.

f) Comparative figures

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

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity'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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 14

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2023/2024	2022/2023
	KShs	KShs
Unconditional grants		
Operational grant- PSC Short listing	12,377,625	4,845,000
Operation grants	29,324,000	-----
GOK Capitation received	<u>75,722,500</u>	<u>104,204,000</u>
	<u>117,424,125</u>	<u>109,049,600</u>
Conditional grants		
Monitoring and Evaluation grant		
Development grant- Kilifi TTI	13,586,774	5,316,152
Development grant- Lamu West TTI	17,813,333	4,000,000
Kilifi North CDF		
Lamu East CDF		
Total government grants and subsidies	<u>31,400,107</u>	<u>9,316,152</u>

KCNP received operational grant totalling to Kshs 29,324,000 in the financial year 2023/2024 and Kshs 12,377,625 for PSC short listing and interviews exercise that were conducted at the Polytechnic. However, KCNP received Capitation totalling to Ksh 75,722,500. Ksh 31,400,107 that was received from the Ministry was for use in mentoring Kilifu North TTI and Lamu WestTVC, as indicated a bove.

6. RENDERING OF SERVICES-FEE FROM STUDENTS

Description	2023/20234	2022/2023
	KSH	KSH
Tuition fees	239,823,006	126,561,890
Activity fees	8,235,933	17,223,503
Teaching Material fees	334,629	486,780
Equipment fees	54,250	80,359
Local Transport and Travelling fees	5,122,112	12,030,888
Contingencies fees	432,599	194,195
Part time fees	217,193	1,653,240
Registration fees	433,836	333,260
Application fees	631,759	541,670
College Identity Cards fees	1,144,244	1,312,823
Centre fees	36,600	32,535
Electricity fees	7,235,568	16,135,751
Repairs Maintenance and Improvement	6,232,778	11,521,407
Personal Emoluments fees	20,865,483	46,899,092
Attachment fees	2,467,992	10,053,033
Educational tour fees	802,274	1,214,253
Studio Fees	102,177	22,130
Internet fees	106,185	135,338
Insurance fees	1,160,269	964,881
T/Shirts fees	830,746	675,929
Project fees	83,465	111,456

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Laboratory /Facility Fees	284,450	169,057
Matriculation	227,785	40,150
KMLTTB Fees	93,253	578,990
Admission fee	2,059,890	
Total revenue from the rendering of services	299,018,476	248,972,610

7. OTHER SERVICES RENDERED

Description	2023/2024	2022/2023
	KSH	KSH
Chandaria Hall/Conference income	1,878,000	441,000
Corner Restaurant	38,255,679	39,283,039
Clothing P. Unit	915,350	785,490
KCNP Hostel	4,231,775	10,906,386
Total revenue from other services rendered	45,280,804	51,415,915

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2023/2024	2022/2023
	KSH	KSH
Swimming Pool	671,300	31,200
KCNP Mini shops	280,000	268,500
Students shop rent	175,000	140,000
Total rentals	1,126,300	439,700

9. OTHER INCOME

Description	2023/2024	2022/2023
	KSH	KSH
Transcript/Supplementary		-----
Library charges	7,370	45,300
Graduation Gown	1,785,200	2,334,501
Disposal income	209,665	10,600
KUCCPS Registration	482,620	398,604
KMLLT Registration		23,600
Food and Beverage Training	368,710	286,018
Fixed Deposit Interest	17,003,009	2,045,587.55
Board Registration	23,870	29,540
Students Passport	15,260	150,767
Cosmology	10,070	51,500
Hire of facilities	28,000	22,000
Carpentry	4,000	
Hire of Bus	176,000	138,400
Total other income	20,113,774	5,536,418

KENYA COAST NATIONAL POLYTECHNIC
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2023/2024	2022/2023
	KSH	KSH
Salaries and wages	66,362,191	67,010,059
Employee related costs-contributions to pensions and medical aids	3,165,889	2,733,840
Commuting allowances	3,762,000	3,144,000
Housing benefits and allowances	6,107,985	5,386,020
Provision for retirement benefit	5,000,000	5,000,000
Leave allowance	234,000	210,000
Employee costs	84,632,065	83,483,919

11. REMUNERATION OF COUNCIL MEMBERS

Description	2023/2024	2022/2023
	KSH	KSH
Chairman's Honoraria	960,000	960,000
Sitting and Transport allowances	12,894,305	7,754,081
Total Council emoluments	13,854,305	8,714,081

12. DEPRECIATION AND AMORTIZATION EXPENSE (ALSO SEE NOTE 20)

Description	2023 -2024	2022/2023
	KSH	KSH
Property, plant and equipment	48,266,090	47,230,508
Intangible assets	7,786,501	9,654,498
Total depreciation and amortization	56,052,591	56,885,006

13. REPAIRS AND MAINTENANCE

Description	2023-2024	2022/2023
	KSH	KSH
Buildings-Property	22,941,744	14,729,485
Equipment and machinery	16,925,767	13,080,566
Vehicles	1,250,320	1,559,896
Furniture and fittings	565,721	1,143,813
Computers and accessories	965,447	64,234
Other		-----
Total repairs and maintenance	42,648,999	30,577,994

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. GENERAL EXPENSES

Description	2023-2024	2022/2023
	KSH	KSH
Transport Travelling and Subsistence	19,702,096	14,677,574
International Travel	1,620,875	
Marketing and Graduation	5,781,969	10,171,149
Benchmarking	7,281,920	-----
General Insurance	1,485,221	779,385
Staff medical insurance	2,898,570	6,835,435
Legal expenses	300,000	2,889,000
Staff Capacity Building	6,096,990	4,606,852
Consumables	15,413,001	30,179,851
Staff and Students activity	8,859,770	6,493,569
MMUST Program	160,500	945,400
Provision of Audit fee	600,000	600,000
Research and Innovation	62,500	1,284,737
EASTRIP-Project Support	7,749,235	1,885,622
Cleaning services	5,965,681	7,788,874
Sanitary Services	1,254,031	1,663,961
KMLTTB		1,291,365
ISO expenses	891,000	692,359
KEFEB		3,029,960
Postages	20,823	24,773
CBET Curriculum	1,877,180	323,700
CAPA Conference		1,414,550
Total	88,021,362	97,578,116

15. OPERATING EXPENSES

Description	2023-2024	2022/2023
	KSH	KSH
Contingencies Expenses	12,841,448	11,085,632
Stationary	1,562,820	989,391
Attachment	3,259,994	1,943,344
Corner restaurant	20,958,120	30,559,827
Part Time expenses	16,195,962	6,413,136
Education tour	453,990	1,014,540
Planning and Policy Development	-----	1,282,707
Responsibility allowance	6,789,916	4,484,100
Internal committee allowance	821,000	599,500
Lamu West Mentoring		68,650

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Corporate Social Responsibility	834,690	454,100
Bank charges	1,330,248	355,525.05
Radio licenses	45,000	-----
Staff welfare fund	3,660,921	4,338,483
Administration expenses	6,738,725	7,799,428
Conference charges	2,003,449	2,573,677
Total	77,496,283	73,606,515

16. USE OF GOODS AND SERVICES

Description	2023-2024	2022/2023
	KSH	KSH
Internet services	4,094,573	3,106,398
Water and Electricity	10,002,625	12,998,520
Security costs	5,630,860	6,921,681
Clothing P.U	933,247	343,029
Board Registration	10,000	60,000
Students identity	1,259,280	846,811
Hire of classroom	519,750	668,000
Air time allowance	144,500	662,800
Subscriptions	2,857,900	535,000
Design and Printing	1,203,923	-----
Show exhibition	666,613	409,331
Swimming pool	663,460	633,534
Generator fuel	411,130	
KENHA	320,950	
Carpentry	163,000	
Tree planting	172,650	
Chandaria hall expenses	2,145,603	
Total	31,200,064	27,185,104

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH AND CASH EQUIVALENTS

Description	2023-2024	2022/2023
	KSH	KSH
Current account	242,888,616	312,208,150.00
Others- Savings account and Cash in hand	<u>175,792,007</u>	<u>118,979,038.45</u>
	418,680,623	431,187,188.45
World Bank EASTRIP	3,095,401	101,554,010.00
Total cash and cash equivalents	421,776,024	532,741,198.45

17(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
a) Current account			
Kenya Commercial bank			
Main Account- A/C 1	1106525027	125,976,979	241,589,633
College Fund Account – A/C 2	1106525183	49,805,296	4,774,864
Production Unit- A/C 3	1106525051	65,543,117	64,269,165
		1,216,775	
Lamu West (Mpeketoni) TTI	1106496795		1,222,407
Kaloleni TTI	1160510067	346,449	352,081
		242,888,616	312,208,150
b) Equity Bank			
KCNP (EASTRIP-Project)	0250279469130	3,095,401	101,554,010
		<u>245,984,017</u>	<u>413,762,160</u>
c) Others(specify)			
Savings Accounts			
Kenya Commercial bank			
Reserve Fund	1104912325	34,513,109	32,872,454.45
Capital Development	1104913992	114,414,059	60,488,252.00
Caution Money	1104950367	<u>26,660,664</u>	<u>25,389,135.00</u>
		175,587,832	118,749,841.45
d) i. Cash in hand -KCNP			
		160,191	188,933
ii .Cash in hand -EASTRIP			
		43,984	40,264
Grand total		204,175	229,197

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2023-2024	2022/2023
	KSH	KSH
Current receivables		
Student debtors-Fees	61,739,431	84,725,042
Mombasa County Government (students fees)	30,159,105	30,159,105
Advances	13,000	313,011
KCNP Mini Shop	299,500	299,500
Swimming Pool	1,862,000	1,862,000
GUS Training MSA County Government	5,143,195	5,143,195
Weru TTI Operations	2,132,535	2,132,535
Ahmed Shahame Operations	3,007,601	3,007,601
Dishonoured Cheque	514,500	402,328
Lunga Lunga TTI	1,413,589	1,413,589
Kaloleni TTI	2,252,478	2,252,478
Kilifi TTI	798,191	202,206
Likoni TTI	2,702,323	2,702,323
Lmu East TTI	1,216,799	639,799
Lamu West	663,096	-----
North Eastern Polytechnic	408,000	-----
Medical and general insurance prepayments	18,900,739	8,206,595
Previous year invoice payments	-----	2,870,885
Previous year creditors	-----	1,852,051
KCNP-Contingencies	7,996,422	-----
Students Union Fund	357,236	-----
EASTRIP-Advance certificate recoverable	31,917,362	-----
Total current receivables	173,497,102	148,184,243

18b. KCNP-EASTRIP-PROJECTS EXPENSES

Description	2023-2024	2022/2023
	KSH	KSH
EASTRIP Expenses b/f 1/7/2023	337,171,096	337,171,096
Expenditure for the period	196,416,645	
Total Expenses	533,587,741	337,171,096

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19. INVENTORIES

Description	2023-2024	2022/2023
	KSH	KSH
Food and Beverage Training stores	154,753	154,753
Corner restaurant stores	1,550,863	409,132
Main Store-Procurement	1,795,430	601,035
Clothing Section	-----	628,500
Carpentry and Joinery	-----	631,840
Applied science/Medical	1,253,894	349,785
Electrical	2,048,325	26,435
Mechanical	1,120,699	513,945
	252,274	
Building and Civil engineering		1,344,150
Cosmetology	2,407,095	2,467,464
Masonry		-----
Total inventories	10,583,333	7,127,039

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets S. Pool	Plant and equipment	Capital Work in progress	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 June 2022	968,070,000	499,700,000	28,750,000	26,145,777	20,224,154	5,700,000	136,151,105		1,684,741,136
Depreciation And impairment		50,826,806	15,764,629	8,626,460	23,354,870	820,876	103,243,957		212,637,598
Cost At 1 July 2022	968,070,000	550,526,806	44,514,629	34,772,237	43,579,024	6,520,876	239,395,062		1,887,378,634
Additions			5,739,310	8,140,694			8,797,893		22,677,897
Depreciation for the year		9,994,000	8,622,328	4,285,809	6,067,246	142,500	18,118,625		47,230,508
Net At 30 June 2023	968,070,000	489,706,000	25,866,982	30,000,662	14,156,908	5,557,500	126,830,373		1,660,188,525
Depreciation And impairment		60,820,806	24,386,957	12,912,269	29,422,116	963,376	121,362,582		249,868,106
Cost At 1 July 2023	968,070,000	550,526,806	50,253,939	42,912,931	43,579,024	6,520,876	248,192,955		1,910,056,631
Additions		39,409,007	2,560,000			5,805,333	51,532,457		99,306,797
Depreciation for the year		10,582,762	7,106,746	3,750,083	4,247,074	284,071	22,295,354		48,266,090
Net At 30 June 2024	968,070,000	518,532,245	21,320,236	26,250,579	9,909,834	11,078,762	156,067,476		1,711,229,232

Building	2%
Swimming Pool	2.5%
Plant and Equipment	12.5%
Motor Vehicles	25%
Computers and Other Electronics	30%
Motor Vehicles	25%
Furniture and Fittings	12.5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. INTANGIBLE ASSETS- SOFTWARE

Description	2023-2024	2022/2023
	KSH	KSH
At beginning of the year 1 July 2023	22,527,163	29,460,000
Additions: Software	1,994,040	854,420
Addition: ICT Upgrade	1,433,800	1,867,241
Amortization 30% on ksh 25,955,003	(7,786,501)	(9,654,498)
Increases of valuation of Intangible assets		
At end of the year 30 June 2024	18,168,502	22,527,163

Assets tagging was still on going at the closure of this financial year to pave way of assets valuations.

22. MENTORED INSTITUTIONS PROJECTS/WORKS

	Ahmed Shahame TTI	Weru TTI	Lamu East TTI	Lamu West TTI	Kaloleni TTI	Likoni TTI	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 June 2016	58,943,101	42,122,695	34,957,061	12,543,287	17,172,341	10,553,020	176,291,505
Additional certificates	8,816,168	9,292,537	20,393,127	26,529,083	29,267,107	30,749,617	125,047,639
At 30 th June 2017	67,759,269	51,415,232	55,350,188	39,072,370	46,439,448	41,302,637	301,339,144
Additional certificates	-----	-----	-----	8,624,966	-----	-----	8,624,966
At 30 th June 2018	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	41,302,637	309,964,110
Additional certificates	-----	-----	-----	-----	-----	16,741,106	16,741,106
At 30 th June 2019	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	58,043,743	326,705,216
Furniture Purchase	-----	-----	-----	-----	-----	-----	10,424,900
At 30 th June 2020	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	58,043,743	337,130,116
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	11,106,390
Additional certificates	-----	-----	2,497,896	-----	-----	-----	2,497,896
At 30 th June 2021	67,759,269	51,415,232	57,848,084	47,697,336	46,439,448	58,043,743	350,734,402
Additional certificates Lamu E.	-----	-----	1,893,364	-----	-----	-----	1,893,364
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	22,763,352
At 30 th June 2022	67,759,269	51,415,232	59,741,448	47,697,336	46,439,448	58,043,743	375,391,118
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	3,460,912
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	11,192,505
Furniture Purchase Lamu East Tvc	-----	-----	-----	-----	-----	-----	1,404,885
Additional certificates	-----	-----	11,400,000	-----	-----	-----	11,400,000
Additional certificates	-----	-----	-----	4,560,772	-----	-----	4,560,772

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At 30th June 2023	67,759,269	51,415,232	71,141,448	52,258,108	46,439,448	58,043,743	407,410,192
Additional certificates				6,449,235			6,449,235
Additional certificates				8,997,632			8,997,632
Additional certificates Kilifi							5,444,585
Additional certificates					1,560,501		1,560,501
	67,759,269	51,415,232	71,141,448	67,704,975	47,999,949	58,043,743	429,862,145

23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2023-2024	2022/2023
	KSH	KSH
Suppliers	14,278,065	35,139,741
Student union Fund	-----	480,268
Provision of Audit fee	1,162,169	1,251,724
Provision of Bad debt	80,721,818	80,721,818
Examination	12,849,802	37,186,049
Caution Money	11,114,427	10,352,265
Retention for Construction works	16,735,918	11,405,917
Prepaid Fees	58,507,073	16,417,608
NYS Sponsored Students	76,482,070	132,604,640
Total trade and other payables	271,851,342	325,564,030

24. MENTORED INSTITUTIONS GRANTS

	Ahmed Shabame TTI	Weru TTI	Lamu East TTI	Lamu West TTI	Kaloleni TTI	Likoni TTI	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs
At 1 June 2016	48,291,819	41,644,485	45,392,523	39,700,000	36,702,488	10,000,000	221,731,315
Grants from MOHEST	3,902,760	-----	4,366,327	-----	2,832,792	21,121,825	32,223,704
Grants from NG-CDF	10,000,000	10,000,000	10,000,000	-----	10,000,000	10,000,000	50,000,000
At 30th June 2017	62,194,579	51,644,485	59,758,850	39,700,000	49,535,280	41,121,825	303,955,019
Grants from MOHEST	-----	-----	-----	15,141,082	-----	10,000,000	25,141,082
At 30th June 2018	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	51,121,825	329,096,101
At 30th June 2019	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	51,121,825	329,096,101
Grants from MOHEST	-----	-----	-----	-----	-----	8,776,681	8,776,681
Grants for Furniture	-----	-----	-----	-----	-----	-----	12,500,000
MOHEST grant for Kilifi TTI	-----	-----	-----	-----	-----	-----	11,847,961
At 30th June 2020	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	59,898,506	362,220,743
Development grant- Kilifi	-----	-----	-----	-----	-----	-----	20,000,000
At 30th June 2021	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	59,898,506	382,220,743
Development grant CDF- Lamu East	-----	-----	11,400,000	-----	-----	-----	11,400,000
Development grant CDF- Kilifi North	-----	-----	-----	-----	-----	-----	10,000,000
Development grant MOHEST- Kilifi TTI	-----	-----	-----	-----	-----	-----	12,573,440

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At 30th June 2022	62,194,579	51,644,485	71,158,850	54,841,082	49,535,280	59,898,506	416,194,183
Development grant MOHEST- Kilifi TTI	-----	-----	-----	-----	-----	-----	5,316,152
Development grant	-----	-----	-----	4,000,000	-----	-----	4,000,000
At 30th June 2023	62,194,579	51,644,485	71,158,850	58,841,082	49,535,280	59,898,506	425,510,335
Development grant				17,813,333			17,813,333
Development grant MOHEST- Kilifi TTI							13,586,774
TOTAL	62,194,579	51,644,485	71,158,850	76,654,415	49,535,280	59,898,506	456,910,442

25. RESERVE

Description	2023-2024	2022/2023
	KSH	KSH
Balance b/f 1/7/2023	62,125,815	52,167,193
Retirement Provision		
Add provision for the period	5,000,000	5,000,000
Less Payments		-----
Development Fund		-----
Add receipt for the period	4,024,569	4,958,622
Total reserve	71,150,384	62,125,815

26. ACCUMULATED SURPLUS

Description	2023-2024	2022-2023
	KSH	KSH
Balance b/f 1/7/2023	258,541,540	221,158,032
Surplus for the period	89,057,810	37,383,508
Previous year payments Adjustment	(4,722,936)	
Total Accumulated surplus	342,876,414	258,541,540

27. CAPITAL FUND

Description	2023-2024	2022-2023
	KSH	KSH
Balance b/f 1/7/2023	1,604,842,376	1,604,842,376
Development grant	-----	-----
Add receipt for the period	-----	-----
Monitor and Evaluation expenditure	-----	-----
Decrease in valuation of Land and Swimming pool	-----	-----
Increase in valuation of other assets	-----	-----
Increase in intangible assets valuation	-----	-----
Total Capital fund	1,604,842,376	1,604,842,376

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28. WORLD BANK- EASTRIP

Description	2023-2024	2022/2023
	KSH	KSH
Equity Bank Account-0250279469130	438,765,370	
Balance b/f 1/7/2023		315,000,000
Balance b/f Interest Earned	-----	4,102,713
Receipt during the year	112,307,751	119,662,657
Total	551,073,121	438,765,370

29. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2023-2024	2022-2023
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-----	-----	-----	-----	-----
Non-current benefit obligation	-----	-----	-----	-----	-----
Total employee benefits obligation	-----	-----	-----	-----	-----

The Polytechnic has not started operating defined benefit scheme for full-time employees.

	2023-2024	
	KShs	
Valuation at the beginning of the year	-----	
Changes in valuation during the year	-----	
Valuation at end of the year	-----	
	=====	

The Polytechnic contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1080 per employee per month.

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21. APPENDIX 1: 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/CR/AUD/7/2021/2022(18)	Ownership documents for town Land	Waiting of the issuance of title deed Land Commissioner	Chief Principal/Council	Not Resolved	Exact date not clear
"	Budgetary control and performance	Under disbursement of Capitation as the main course has been conveyed to the Ministry	Chief Principal/Council	Not Resolved	Exact date not clear
"	Underutilized Driving School Truck	Procuring process for acquiring small car has started	Chief Principal/SPO	Driving school cars acquired already	30/10/2024
OAG/CR/AUD/1/6/2022/2023(14)	Unconfirmed balance of Accumulated Surplus	The error of addition was corrected	Financial Controller- Mr Bolo	Resolved	N/A
"	Long outstanding receivable	These are school fees and is being reduced by the sponsored, NYS students and during collection of academic documents	Financial Controller- Mr Bolo	Resolved	N/A
"	Delay in completion of Kilifi TVC	The issue of the approval of variation is being sorted out by the Ministry	Chief Principal/Council	Not Resolved	30,11/2024



Chief Principal/ Secretary to the Council

Date. 30/12/2024

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22. APPENDIX II: PROJECTS IMPLEMENTED BY THE POLYTECHNIC**Projects**

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 EASTRIP	6334-KE	WORLD BANK	5 YEARS	1,080,000,000	YES	YES
2.						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	EASTRIP	1,080,000,000	533,587,741	49.4%	1,080,000,000	533,587,741	WORLD BANK
2	-----	-----	-----	-----	-----	-----	-----
3	-----	-----	-----	-----	-----	-----	-----

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23. APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Mentored Inst. grants	Receivables	Others - must be specific	
Ministry of Education	21/6/2024	Operating grant	25,324,000	25,324,000	-----	-----	-----	-----	-----
Ministry of Education	6/7/2023	Operating grant	4,000,000	4,000,000	-----	-----	-----	-----	-----
Ministry of Education	10/7/2023	Development	10,813,333			10,813,333			
Ministry of Education	12/3/2024	Development	7,000,000			7,000,000			
Ministry of Education	21/3/2024	Development	5,000,131			5,000,131			
Ministry of Education	6/7/2023	Development	8,586,643			8,586,643			
Total			60,724,107	29,324,000	-----	31,400,107	-----	-----	-----