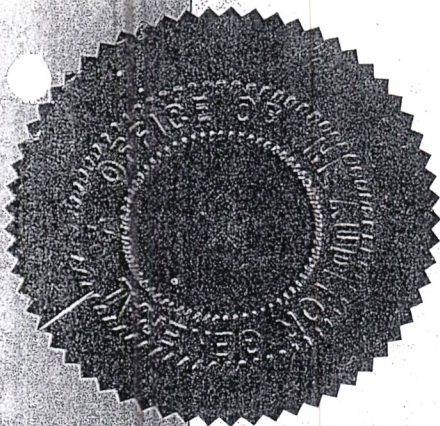


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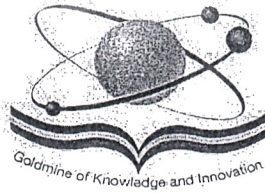
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
RONGO UNIVERSITY COLLEGE

FOR THE YEAR ENDED
30 JUNE 2016

RONGO UNIVERSITY
OFFICE OF THE VICE - CHANCELLOR
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RONGO

UNIVERSITY COLLEGE

(A Constituent college of Moi University)



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE, 2016

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

Table of Content	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT	iii
II. COUNCIL MEMBERS.....	vi
III. MANAGEMENT TEAM	x
IV. CHAIRMAN'S STATEMENT	xiii
V. REPORT OF THE PRINCIPAL	xv
VI. CORPORATE GOVERNANCE AND ETHICS	xix
VII. CORPORATE SOCIAL RESPONSIBILITY (CSR)	xxiii
VIII. REPORT OF COUNCIL.....	xxv
IX. STATEMENT OF THE COUNCIL MEMBERS RESPONSIBILITIES.....	1
STATEMENT OF FINANCIAL PERFORMANCE	2
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASHFLOW	6
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	7
X. NOTES TO THE FINANCIAL STATEMENTS.....	9
XI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION.....	34

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Rongo University College is a public institution which was established by the Government of Kenya through Legal Notice NO.70, Kenya Gazette Supplement NO.51, on 17th June 2011 as a Constituent College of Moi University. Rongo University College is represented by the Cabinet Secretary for Education, who is responsible for general policy and strategic direction of Rongo University College.

(b) Principal Activities

The principal activity of Rongo University College is to provide high quality education through teaching, research, community service and nurture innovative graduates.

(c) Key Management

The Rongo University College's management is under the following key organs:

Management Board

Academic Board

School Board

(d) Fiduciary management

The key management personnel who held office during the financial year ended 30th June, 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Prof. Samuel Gudu
2.	Deputy Principal (AFP)	Prof. Stanley M. Shitote
3.	Finance Officer	CPA Janet Chumba

(e) Fiduciary Oversight Arrangement

Name of the Committee	Members
Human Resource, Finance & Resource Mobilization Committee (HFRC)	1. Mrs. Jacinta Aluoch Odhiambo- Chair 2. Mr. Archer Arina 3. Mr. Julius Kipkeny Kolil-Member 4. Prof. Samuel Gudu- Secretary
Academic Affairs & Appeals Committee (AAC)	1. Dr. Nathan Kitio Psiwa- Chairperson 2. Mrs. Anna Ngibuini Mwaure-Member 3. Mrs. Jacinta Aluoch Odhiambo-Member 4. Mrs. Jacinta A. Kapiyo- Member
Audit Committee (AC)	1. Mrs. Beatrice Muthoni Mwaniki-Chair 2. Mrs. Anna Ngibuini Mwaure-Member 3. Mr. Shem Nyakutu -Member 4. Dr. Nathan Kitio Psiwa - Member
Executive Committee (EC)	1. Mr. Julius Kipkeny Kolil - Chair 2. Mr. Shem Nyakutu -Member 3. Mr. Archer Arina - Member 4. Mrs. Beatrice Muthoni Mwaniki-Member 5. Prof. Samuel Gudu -Secretary

(f) Rongo University College Headquarters

Rongo University College
 Off Rongo- Migori Road
 P.O. Box 103-40404
 Rongo

(g) Rongo University College Contacts

Telephone :(254) 770308253
 E-mail: principal@ruc.ac.ke
 Website: www.ruc.ac.ke

(h) Entity Bankers

1. National Bank of Kenya
 P.O. Box 200
 Sare - Awendo

2. Kenya Commercial Bank
P.O. Box 266-40404,
Rongo
3. Cooperative Bank of Kenya
P.O. Box 40560 - 40404
Rongo

(i) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office




Harambee Avenue



P.O. Box 40112



City Square 00200

Nairobi, Kenya

II. COUNCIL MEMBERS

Member	Details
<p>Mrs. Beatrice Muthoni Mwaniki</p> 	<p>Date of Birth: 4th October, 1953</p> <p>Qualifications & Experience</p> <p>Mrs. Beatrice Mwaniki has a Master of Science in Human Resource Development with over 10 years' experience. She has worked with the Teachers Service Commission in different capacities including Principal Human Resource Development Officer.</p>
<p>Mr. Julius Kipkeny Kolil</p> 	<p>Date of Birth: 1st January, 1955</p> <p>Qualifications:</p> <p>Mr. Julius Kolil has an MBA in Strategic Management with over 25 years of working experience as a Banker in various capacities including; Group Head of Operational Risk and Compliance and Area Director in several regions.</p>
<p>Dr. Nathan Kitio Psiwa</p> 	<p>Date of Birth: 18th April, 1966</p> <p>Qualification & Experience</p> <p>Dr. Nathan Psiwa has a master of science in Dental Surgery having worked for over 20 years at the Ministry of Health and Kenyatta National Hospital as a Dentist & Consultant Orthodontist.</p>



<p>Mrs. Jacinta Aluoch Odhiambo</p> 	<p>Date of Birth: 20th June, 1969</p> <p>Qualification & Experience</p> <p>Mrs. Jacinta Odhiambo has a Master of Arts in Sustainable International Development with over 10 years work experience in different Organizations including; Forum for African Women (FAWE) and Forum for African Women Educationalist.</p>
<p>Mrs. Anna Ngibuini Mwaure</p> 	<p>Date of Birth: 14th April, 1959</p> <p>Qualification & Experience</p> <p>Mrs. Anna Mwaure is a Lawyer with a Master's degree in Communication having worked for over 20years in different capacities including advocate of the high court and magistrate among others.</p>



<p>Mr. Shem Nyakutu</p> 	<p>Date of Birth: 1967</p> <p>Qualification & Experience</p> <p>Mr. Shem Nyakutu has a Master of Science in Finance. He has worked in the Public Service for over 23 years at the Ministry of Lands and The National Treasury in different capacities including, Senior Deputy Director of Pensions at the National Treasury and Representative of the PS, National Treasury at Rongo University College and Pwani University Council</p>
<p>Mr. Acher Arina Omollo</p> 	<p>Date of Birth: 23RD April, 1967</p> <p>Work Experience:</p> <p>Mr. Arina has a Master of Science in Technological Economist and Management. He has over 16 years of administrative work at the Ministry of Education. Currently he is an Assistant Director of Education and also a Representative of the PS, MoEST at Rongo University College.</p>
<p>Prof. Samuel Gudu</p>	<p>Date of Birth: 16th August, 1956</p> <p>Work Experience & Experience</p> <p>Prof. Samuel Gudu is a world renowned scientist with a PhD in Plant Genetics and Biotechnology. He has had a university career of over 30 years and is currently the Principal of Rongo University College. He has held several positions including: Ag. VC, Moi</p>



University on several occasions and DVC, Planning & Development, Moi University for 10 years among others.

III. MANAGEMENT TEAM

MEMBER	RESPONSIBILITY
 <p>Prof. Samuel Gudu PhD (Plant Genetics and Biotechnology), MSc (Genetics and Plant Breeding), BSc (Agriculture)</p>	<p>Principal</p> <p>Providing innovative and visionary leadership; Creating and sustaining a highly motivated and participatory management team; Following-up the strategic and vision plan of the University College Maintaining and promoting the academic standard of the University College and its public relations; Mobilizing financial support Maintaining and promoting international linkages with other institutions of higher learning; Promoting efficiency and good management</p>
 <p>Prof. Stanley Shitote PhD (Civil Eng.), MSc (Civil Eng.), BSc (Civil Eng.), Member of the Institution of Engineers of Kenya (MIEK), Registered Engineer (R.Eng), Member of the Kenya Institute of Management (MKIM)</p>	<p>Deputy Principal (Administration, Finance and Planning)</p> <p>Management of Human Resource Planning and Development Management of Planning, Physical infrastructure and Development Coordination of Financial functions</p>

	<p>3. Prof. Augustino Onkware PhD (Plant Physiology) MSc (Botany, Plant Physiology and Biochemistry) BSc (Biology)</p>	<p>Deputy Principal (Academic and Students Affairs)</p> <p>Management of Research Management of Extension Management of External Liaison Management of academic and student affairs</p>
	<p>4. CPA Janet Chumba MBA (Finance), BBA (Accounting) CPA (K) Member of Institute of Chartered Public Accountants (ICPAK)</p>	<p>Finance Officer</p> <p>Organizing the accounting and finance unit Developing & Implementing adequate accounting systems Overall operation and supervision of finance function in the system. Maintaining accounting standards within the department.</p>



5. Mr. John Oluoch

MPhil.(Communication Studies),
PG. Diploma (Public Relations),
B.Ed. (Hons),
MPRSK

Director, Privately Sponsored Students Program

Ensuring steady growth and sustainability of the Privately Sponsored Student Programme.
Developing policies and Strategic Plans for the management of Privately Sponsored Student Programme.
Facilitating admission of students in liaison with Deputy Principal (ASA) and Deans of Schools.
Providing regular briefs to the Principal on Privately Sponsored Student Programme issues.

IV. CHAIRMAN'S STATEMENT

It is my great privilege to present to our stakeholders the Annual Report as well as Financial Statements of Rongo University College for the financial year ended 30th June, 2016. This annual report helps us to reflect on our performance for the year giving us an opportunity to celebrate our success and at the same time identify areas of improvement.

Education sector overview

Despite an exponential increase in number of public universities in Kenya in the last three years, the number of Kenyans who qualified to pursue higher education far outstrips the capacity of universities in Kenya. In 2015, the total number of 165,766 candidates attained the minimum university entry qualification compared to 149,717 in 2014. The higher education sector, now regulated by the Commission for University Education (CUE) continued to be a vibrant and competitive sector with more universities being accredited as the country strives to increase access to higher education. The trend of more students sitting for K.C.S.E is expected to continue rising as the government continues to improve its free primary education and free tuition for secondary schools. Rongo University College remains committed to playing a vital role in the higher education sector by providing high quality education through teaching, research, and community service and nurture innovative graduates as enshrined in its mission.

Overall University Performance

In 2015/16, the University College's financial performance improved significantly as compared to the previous year. Total income increased from Kshs 646 million in 2014/15 to Kshs 722 million in 2015/16 while the net assets grew from Kshs 803 million in 2014/15 to Kshs 928 million in 2015/16. The University College Council will continue working closely with management to ensure this performance is improved.

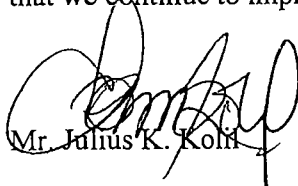
In 2014/15, Rongo University partnered with more than nine Institutions to support various initiatives that will see the University College improve in research and innovation.

In 2015/16, the University College through Moi University graduated 406 graduates.

Rongo University College Financial Statements for the Year Ended 30th June 2016

Appreciation

Finally, I take this opportunity to sincerely thank the Government of Kenya, our donors, students and staff who continued to support Rongo University College. I applaud the music team that continues to raise the flag of the University College in the national arena. These are integral parts of the all-round formation that Rongo University College offers. I call upon all stakeholders not to relent in their efforts in ensuring that we continue to improve the University College.



Mr. Julius K. Koli

CHAIRMAN OF THE UNIVERSITY COLLEGE COUNCIL

V. REPORT OF THE PRINCIPAL

It is my pleasure to present to you the annual report and financial statements for the year ended 30th June 2016. This has been a year with new challenges but also many other opportunities to improve and move forward. In 2015/16, the University College's financial performance improved significantly. Rongo University College started the financial year 2015/2016 with a cash balance of Ksh. 25, 268,179 and received Ksh 281,345,012 from the Government as recurrent income, and Kshs 100,480,121 as development income. The institution also received Kshs 2,000,000 from Rongo CDF and Kshs 48,029,931 for its mentoring institutions. The University College managed to collect Kshs. 346,184,104 in tuition and other charges and Kshs. 22,271,535 from research grants and Kshs 6,939,506 from small income generating activities. In total therefore, the University College had Kshs 832,518,388 at its disposal. This improvement saw the University achieve several milestones and enhance infrastructural development and academic environments. The expansion and refurbishment of the University College facilities will allow admission of more students into the College and continue to support the government goal of expanding access to University education. In deed in the next financial year, the University College will admit more students because of the improvement on its facilities.

The academic programs offered by the university college meet the requirement of the job market. They equip the students with the necessary skills to secure employment in the job market. This is because the University College emphasizes hands on and practical orientation in its training which makes the graduates employable in industries and innovative to create job opportunities for self and for others.

In the year under review, the University College received valuable donations in books, from UNEP, ICRAF and SUBA books necessary to help students develop skills that employers look for in graduates.

The several MOU's signed with various institutions of learning and research including Wuhan Textile University (China); Ariel University, Israel and Brighton University in the UK confirms the existence of Rongo University College in a market that has very many players offering the same programs.

The year saw an important milestone for RUC as CUE inspected and recommended the University College for the award of charter and is waiting for the date to be set by the Office of the President.

The University College has put in place measures to ensure various forms of sustainability. These include Strategy, Environmental, Social and Institutional.

(a) Environmental Performance:

To ensure Environment performance, the University College has appointed an Environmental Sustainability Committee, developed Environmental Policy and carried out Environmental Audit. From the Environmental Audit, an Action plan for achieving sustainability was developed.

Through the action plan, the University College was able to put in place measure to control pollution which included installation of 13 waste receptors and 19 segregation bins to manage solid wastes. Further, the College connected effluents to sewer lines to manage liquid wastes. The College also planted 8,100 trees during the year as part of effort towards ecological enhancement, controlling of greenhouses gases and conserving degraded environments.

Other measures to guarantee Environmental Sustainability were in form of Environmental Awareness and Education. In this regard, RUC sensitized 60 members of staff and 50 members of the public on Environmental Health and Safety during the financial year. RUC also participated in joint Environmental events with Sony Sugar and Migori County Government. The University further implemented measures which contributed towards promoting Environmental Protection and Conservation through Partnership with Stakeholders. This involved signing of MoUs, developing Joint Action Plan and Conducting CSR initiatives.

The University College intends to continue implementing activities that guarantee environmental sustainability through pollution control measures, climate change mitigation and adaptation initiatives, Environmental Education and awareness, Ecological Enhancement and Partnerships with Environmental bodies.

(b) Solar Project:

The University College has carried out energy audit and prepared a report on using solar. In May 2016, the University College started a project in an effort to provide alternative source of power particularly during blackout and also to reduce the cost of electricity. Currently the University College has installed Solar panels worth 195 Watts to serve the College Library. For the University to fully benefit from solar energy the University College plans to expand the installation to other sensitive areas like Administration, Exam room and computer laboratory just to mention a few. Currently the University is assessing the load requirement in each building so as to acquire the accurate solar equipment sizing.

(c) Capacity Development.

In the last financial year RUC undertook a number of capacity building exercises through trainings organized internally and externally. A cumulative total of 1,423 staff consisting of 875 Male and 548 female were trained internally during the year. The trainings were mainly on creation of awareness and included, Gender Mainstreaming (36), Alcohol and Drug Abuse (23), Corruption Prevention (28), Automation (34) HIV and AIDS (141) Knowledge Management (26), National Cohesion (714), ISO Certification (28), Disability Mainstreaming (65), Safety Measures (56), Implementation of the Constitution (37), Risk Management (37), Pension Scheme (155) and Strategic plan (43)

The University College also sponsored 33 members of staff consisting of 18 male and 15 female to various trainings organized by external parties. In order to enhance Institutional sustainability, the University College intends to continue facilitating staff for both external and internal capacity development programs and a budget of Kshs. 3.7 million has been allocated for trainings in FY 2016/17 as compared to 1.8 for last financial year. This will enable RUC staff to achieve the desired outcomes.

(d) Medical Service

The University College has put in place a Medical Scheme that caters for staff and their immediate dependents. Medical care is provided to employees, their spouse(s) and registered children under 21-years. Registered children above 21 years and not more than 25 years will be required to produce proof of studentship to access this service. The University College has a dispensary that caters for minor ailments for both students and staff. For referral cases, other medical facilities are used.

The University College has averagely allocated Kshs. 10.6 million towards medical services and this amount continues to increase annually depending on number of students and staff. In addition, the University College allocated budget of Kshs. 150,000 for FY 2015/16 towards HIV/AIDS activities. The University College staff also contributes to the National Hospital Insurance Fund (NHIF) which also caters for both inpatient and outpatient services. In the last financial year, the University College paid a total of Kshs 6,506,070 as staff contribution to NHIF. This amount is bound to rise with increase in staff numbers.

(e) Sustainability Strategy

Rongo University College is committed to environmental sustainability and stewardship. By working to create a cleaner environment through community service efforts, the application of earth-friendly technology and practices, research projects, and responsible development planning, we will strive to work for a better tomorrow. Through education and community outreach, we will provide students with the

Rongo University College Financial Statements for the Year Ended 30th June 2016

knowledge and skills to be environmentally responsible citizens and consider the global ramifications of their actions and the actions of others around them. To that end, we are committed to continuous improvement. Our decisions and actions will be guided by the University's resources, and informed by the University's Strategic Plan. As a learning institution, we recognize that planning for sustainability will be an evolving and iterative practice.

Finally, I express my gratitude to Council, student leadership and members of staff for their input towards the strategic plan implementation. Our individual commitment will impact society, the government and the Country at large.



Prof. Samuel Gudu

PRINCIPAL

VI. CORPORATE GOVERNANCE AND ETHICS

The Council is responsible for the governance of the University College and is accountable to the citizens of this country for ensuring that the University College complies with the law and maintains the highest standard of corporate governance, academic standards and ethics.

The Council attaches great importance to the need to conduct the activities and operations of the University College with integrity, fairness and transparency.

Constitution and appointment of Rongo University College Council

Rongo University College Council was appointed through Gazette Notice No. 11531 dated 30th July 2013 for a four year term and was constituted as follows:

Margaret Karembu (Dr.)—(Chairperson),

Julius Kipkeny Arap Kolil,

Nathan Kitio Psiwa,

Beatrice Muthoni Mwaniki (Mrs.),

Anna Ngibuini Mwaure (Mrs.),

Jacinta Aluoch Odhiambo (Mrs.)

The chairperson declined the appointment; hence the Council appoints a chair for each of their meetings. In addition, the Principal Secretaries to National Treasury and Ministry of Education are represented. The Principal is the Secretary to Council.

Responsibility of the University College Council

The University College Council is ultimately responsible for;

- (a) The mission and vision of the University College;
- (b) Promoting the aims and objectives of the University College;
- (c) Setting strategic directions for the University College;
- (d) The appointment and performance management of the Principal;

- (e) Oversight of management;
- (f) Setting and monitoring broad budget and planning framework, ensuring that the University finances are sound, and taking major financial decisions;
- (g) Monitoring University College performance against strategic objectives;
- (h) Setting and critically monitoring Council policy and risk management;
- (i) Extending links and communication between the University College and the wider Community;

Remuneration of University College Council members

The University College Council members other than the Principal do not receive a salary. They are however paid sitting allowance for every meeting attended. The sitting allowances paid to the council members is disclosed in note 9 of the financial statements.

University College Council meetings

The meetings of the University College Council are held at least once every quarter in a calendar year. In order to facilitate the smooth running of its affairs, the University College Council establishes such committees with membership and with such terms of reference as it may deem fit. A calendar of University College Council and its committees is prepared before the beginning of each financial year. The record of meetings attendance of the University College Council and its committees for the year 2015/16 is as shown in table 1.

Conflict of interest

The University College maintains a conflict of interest register which is availed in every meeting. This applies to all members of the University College community, including members of the University College Council academic, administrative and support staff and, where appropriate, Students Governing Council. This is because members of the University College may become involved in situations where their loyalties are divided or where their personal interest may conflict with their duty to the University College. Situations may also arise in which members may be tempted to act in violation of their duty of loyalty to the University College.

Risk Management

The Council is responsible for risk management and has an approved policy and procedure document for risk management is under development. The Council conducts risk assessment on regular basis which informs the internal audit plan.

The University College has an in-house Legal Officer and has appointed advocates and other consultants to advice on litigation risks.

The identification and management of risk is a continuous process linked to the achievement of the University College's objectives. The University College Council through its Risk and Audit Committee received regular reports during the year on internal controls and risks.

Rongo University College Financial Statements for the Year Ended 30th June 2016

Table 1: The record of meetings attendance of the University College Council and its committees for the year 2015/16

Financial year 2015/2016										
	COUNCIL MEMBERS	Date of Appointment / Reappointment / Status	Responsibility	University Council	Executive Committee (E.C)	Human Resource Finance & Resource Mobilization (HRFRMC)	Academic Affairs and Appeals Committee (AAC)	Audit Compliance & Committee	Other Special Meetings	
1	Mr. Julius Kolil	31/07/2013	Member; Ag. Chairperson, Chair Executive Committee (EC)	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
2	Mr. Shem Nyakutu	31/07/2013	Member; Alternate PS. National Treasury	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
3	Mr. Archer Arina	31/07/2013	Member; Alternate PS. MoEST	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
4	Mrs. Beatrice Mwaniki	31/07/2013	Member, Chair Audit & Compliance Committee (AC)	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
5	Mrs. Jacinta Odhiambo	31/07/2013	Member, HRFRM Committee Chair	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
6	Nathan K. Psiwa	31/07/2013	Member, Chair Academic Affairs & Appeals Committee (AAAC)	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
7	Mrs. Anna Mwaure	31/07/2013	Member	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	
8	Prof. Samuel Gudu		Member / Secretary	Membership	Membership	Membership	Membership	Membership	Membership	
				Attendance	Attendance	Attendance	Attendance	Attendance	Attendance	

Note:

Other meetings include:

Special Council Meeting; SCAC Evaluation Meeting; Strategic Plan Review Meeting; CUE Inspection Meeting.

VII. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The ultimate goal of Rongo University College's CSR is to foster a culture of concern and service to others. CSR works towards ensuring that each activity taken up seeks to challenge the students and make them dignified positive changers.

As part of CSR, Rongo University College centered its activities on the following sub- pillars:

Establishment of Libraries

As part of our corporate social responsibility, Rongo University College (RUC) has partnered with a US based Non-Governmental Organizations, Project Humanity (PH) and African Library Project (ALP) to establish 30 small sustainable school libraries. Out of these, Migori County will select 18 Schools while Homabay County 12 School. This will then be expanded in the subsequent years. The goal of the project is: a) to empower the children and communities through education by providing reading materials; and b) to enhance reading culture at early stages of their life. Each school will receive approximately 1000 books in phase 1. The project will be expanded in the subsequent years to include more schools in each County. Applications should reach ALP on 1st August 2016 and the shipment of books to Mombasa will be in April 2017.

In this partnership, African Library Project will organize book drives in United States of America, raise funds to ship the books to Mombasa. The local partners (Rongo University College and Project Humanity) are expected to make arrangements to pay custom clearance and forwarding charges from Mombasa to RUC; create awareness; mobilize the schools to establish the libraries; offer training to staff managing school libraries and monitor usage. The selected schools are expected to provide adequate library space and shelves. In addition, the library should strategize to acquire books with local contents to compliment the donated books.

Community Service

Rongo University College has Community Services as one of its Mandates. To realize this mandate, the University College through its Departments carried out a number of activities towards community service. These included, allowing community members to use the library for their research, planting of trees to conserve the environment, undertaking joint sporting activities with community members, organizing a cultural week and participating in cleaning of Awendo and Rongo town centers during the World Environment day. The University College intends to continue implementing activities that contribute towards this mandate. Last year, the University College utilized Kshs. 489,500 towards Community Service. In FY 2016/2017 the University College has allocated Ksh.1 million for implementation of Community Service activities.

Rongo University College Financial Statements for the Year Ended 30th June 2016

Health day activities

Rongo University College Aids Control Unit (RUCACO) together with peer educators plus AMUA Kenya and KEMRI – Faces organized reproductive health even targeting students, staff and community members. Services offered during this event included: health education, family planning services, voluntary counseling and testing, cervical and breast cancer screening and voluntary medical male circumcision services.

The services were offered free of charge and it was accompanied by informative health sessions.

VIII. REPORT OF COUNCIL

The University College Council submits its report together with financial statement for the year ended 30th June, 2016, which disclose the state of affairs of Rongo University College.

Principal activities

The principal activity of Rongo University College continues to be the provision of higher education.

Results

The results of Rongo University College for the year ended 30th June, 2016 are set out on page 21 - 43

Directors

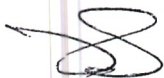
The members of the University College Council who held office during the year and to the date of this report were:

- | | |
|----------------------------------|----------------------------|
| 1. Mr. Julius. K. Kolil | - Chair |
| 2. Mrs. Beatrice Muthoni Mwaniki | - Member |
| 2. Dr. Nathan Psiwa Kitio | - Member |
| 3. Mrs. Jacinta Aluoch Odhiambo | - Member |
| 4. Mrs. Anna Ngibuini Mwaure | - Member |
| 5. Mr. Archer Arina Omollo | - Rep.PS. MoEST |
| 6. Mr. Shem Nyakutu | -Rep.PS. National Treasury |
| 7. Prof. Samuel Gudu | - Principal and Secretary |

Auditors

The Auditor general is responsible for the statutory audit of Rongo University College in accordance with the provisions of Article 229 of the Constitution and Section 7 of the Public Audit Act, 2015.

By order of the University College Council



Prof. Samuel Gudu

SECRETARY

Date.....


**IX. STATEMENT OF THE COUNCIL MEMBERS RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015**

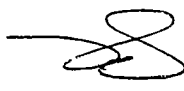
The Rongo University College order, 2011 requires University College Council to prepare statements for each financial year, which give a true and a fair view of the state of affairs of the University College at the end of the financial year and its operating results for that year. It also requires the Council to ensure that the University College keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University College. The University Council is also responsible for safeguarding the Assets of the University College.

The University College Council accepts the responsibility for the Financial Statements, which has been prepared using the appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The University College Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University College at 30th June 2016 and of its operating results. The University College Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate system of internal Financial Control.

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

This statement is approved by the University College Council and is signed on its behalf by:

Chairman of the Council 

Principal, Rongo University College 

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON RONGO UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Rongo University College set out on pages 2 to 34, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Revenue from Exchange Transactions

Included in the revenue from exchange transactions balance of Kshs.441,052,859 is a fees and related accrued charges balance of Kshs.65,657,713 which however is not supported with relevant documentation. Under the circumstances, the accuracy and validity of the revenue from exchange transactions balance of Kshs.441,052,859 for the year ended 30 June 2016 cannot be confirmed.

2. Receivables From Exchange Transactions

Included in the receivables from exchange transactions balance of Kshs.141,967,130 and as indicated in Note 12 to the financial statements is Kshs.141,877,932 relating to student debtors. However, the ages of the debts are not indicated and as a result, it has not been possible to confirm their recoverability. Consequently, it has not been possible to confirm that receivables from exchange transactions balance of Kshs.141,967,130 as at 30 June 2016 is fairly stated.

3. Payables from Exchange Transactions

Included in payables from exchange transactions balance of Kshs.73,594,407 is an amount of Kshs.24,648,426 relating to Pay As You Earn (PAYE) tax that has not been settled for the last 12 months contrary to the requirements of the Income Tax Act. No satisfactory explanation has been provided by management for non-payment of these statutory obligations.

4. Student Advances

The student advances balance of Kshs.46,384,591 as at 30 June 2016 is not supported with requisite documentation. Consequently, it has not been possible to confirm that the student advance balance of Kshs.46,384,591 is fairly stated.

5. Retention Fees

The retention balance of Kshs.26,344,723 is not supported with the relevant ledger records. Further, a separate bank account has not been opened and maintained to hold such funds as Government financial regulations require. Consequently, the validity and accuracy of retention fee of Kshs.26,344,723 as at 30 June 2016 cannot be confirmed.

6. Restated Balances in the Statement of Financial Position

During the year under review, the following balances relating to the 2014/2015 financial year were restated retrospectively:

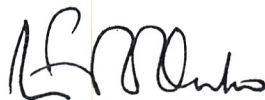
Particulars	Restated Comparative Figure as at 30 June 2016 (Kshs.)	Audited figure as at 30 June 2015 (Kshs.)	Difference (Kshs.)
Receivables from Exchange Transactions	100,923,779	101,156,078	232,299
Intangible Assets	2,787,600	1,470,800	1,316,800
Property, Plant and Equipment	644,261,471	628,507,529	15,753,950
Capital Investment Fund	370,890,930	328,223,666	42,667,264
Revenue Reserves	22,031,352	19,457,161	2,574,191

However, the supporting adjusting journal entities and relevant documents have not been availed for audit review.

Consequently, the opening balances validity and accuracy of the 2014/2015 opening balances as at 30 June 2016 cannot be confirmed

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rongo University College as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with with International Public Sector Accounting Standards (Accrual Basis) and comply with Rongo University Order, 2013 and the Universities Act, 2012.



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

Nairobi

18 October 2017

**RONGO UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016**

REVENUE FROM	NOTES	2016	2015 Restated	2014 Audited
Non-Exchange Transactions	3	281,345,012	246,453,851	246,455,866
Exchange Transactions	4	441,052,859	399,983,375	399,983,375
Total revenue		722,397,871	646,437,226	646,439,241
EXPENSES				
Employee Costs	5	440,735,224	375,286,000	375,286,000
Depreciation & Amortization cost	6	76,435,075	65,175,650	64,943,350
Repairs & Maintenance	7	30,898,535	19,051,195	19,051,195
General Expenses as restated	8	116,678,464	136,576,916	134,265,840
Council Expenses	9	16,950,319	18,374,909	18,374,909
Academic Expenses as restated	10	121,805,746	97,344,641	97,315,841
Total Expenses		803,503,363	711,809,311	709,237,135
Gross Deficit		(81,105,493)	(65,372,085)	(62,797,894)
Gain on Revaluation of Biological Assets	14	257,720	-	-
Provision for Doubtful Debts	20	(3,282,886)	(1,549,575)	(1,549,575)
Provision for Audit fees	20	(690,000)	(1,000,000)	(1,000,000)
Net Deficit		(84,820,659)	(67,921,660)	(65,347,469)

The notes on pages 9 to 35 are an integral part of these financial statements

RONGO UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016

ASSETS	NOTES	2016	2015	2015
		Ksh	Ksh	Ksh
Current Assets			Restated	Audited
Cash & Equivalent	11	23,738,001	25,268,179	3,563,133
Receivables from Exchange Transactions	12	141,967,130	100,923,779	101,156,078
Receivables from Non-Exchange Transactions	13	-	20,537,821	20,537,821
Biological Assets	14	816,720	559,000	559,000
Inventories	15	11,286,896	9,197,733	9,197,733
Total Current Assets		177,808,747	156,486,512	135,013,765
Non-Current Assets				
Intangible Assets	16	9,617,164	2,787,600	1,470,800
Property, Plant & Equipment	17	740,872,441	644,261,479	628,507,529
Total Non-Current Assets		750,489,605	647,049,079	629,978,329
Total assets		928,298,352	803,535,591	764,992,094
LIABILITIES				
Current Liabilities				
Payables from Exchange Transactions	19	73,594,407	75,900,206	75,900,206
Provisions	20	690,000	1,000,000	2,549,575
Student Advances	21	46,384,591	1,017,293	1,017,293
Borrowings	22	4,657,235	11,965,224	11,965,224
Deferred Income Liability	23	7,421,535	-	-
Total Current Liabilities		132,747,768	89,882,723	91,432,298
Non- Current Liabilities				
Retention Fees	24	26,344,723	10,136,401	10,136,401
Total Non- Current Liabilities		26,344,723	10,136,401	10,136,401
NET ASSETS				
Capital Investment Fund		521,400,982	370,890,930	328,223,666
Revaluation Reserve		219,028,428	354,656,889	354,656,889
Accumulated Surplus		28,776,450	(22,031,352)	(19,457,161)
Total Net Assets		769,205,860	703,516,466	663,423,394
Total Net Assets & Liabilities		928,298,352	803,535,591	764,992,093

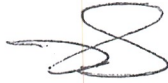
The notes on pages 9 to 35 are an integral part of these financial statements.

Rongo University College Financial Statements for the Year Ended 30th June 2016

The financial statements set out on pages 2 to 33 were signed on behalf of Council by

CEO (Rongo University College)

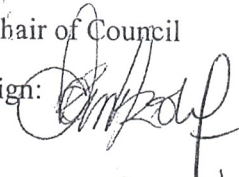
Sign:



Date: 30/09/2016

Chair of Council

Sign:



Date: 30/09/2016

The notes on pages 9 to 33 are an integral part of these financial statement

**RONGO UNIVERSITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2016**

	Capital Investment Fund Ksh	Accumulated Surplus Ksh	Revaluation Surplus Ksh	Total Ksh
Balance at 30th June 2012	-	-	354,656,889	354,656,889
Development Income Received	22,450,378	-	-	22,450,378
Grants From Donors	35,870,975	-	-	35,870,975
Surplus for the year		41,986,191	-	41,986,191
Balance at 30th June 2013	58,321,353	41,986,191	354,656,889	454,964,433
Development Income Received	110,202,910	-	-	110,202,910
Surplus for the year	-	3,904,117	-	3,904,117
Balance at 30th June 2014	168,524,263	45,890,308	354,656,889	569,071,459
Development Income - Govt Grants	162,366,667	-	-	162,366,667
Devp Grant- Rongo CDF	7,000,000	-	-	7,000,000
Prior Year Devp Grant- TTI	33,000,000	-	-	33,000,000
Deficit for the year as restated	-	(67,921,660)	-	(67,921,660)
Balance at 30th June 2015	370,890,930	(22,031,352)	354,656,889	703,516,466
Development Income Govt Grants	100,480,121	-	-	100,480,121
Devp Grant- Rongo CDF	2,000,000	-	-	2,000,000
Development Income TTIS	48,029,931	-	-	48,029,931
Deficit for the year	-	(84,820,659)	-	(84,820,659)
Prior Years depreciation on revaluation	-	101,721,346	(101,721,346)	-
Current year depreciation on revaluation	-	33,907,115	(33,907,115)	-
Balance at 30th June 2016	521,400,982	28,776,450	219,028,428	769,205,860

The notes on pages 9 to 33 are an integral part of these financial statements

RONGO UNIVERSITY COLLEGE
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE 2016

Cash Generated From Operations	NOTES	2016 Ksh	2015 Ksh
Receipts			
Revenue from Non-Exchange Transactions	3	281,345,012	246,453,851
Revenue from Exchange Transactions	4	441,052,859	399,983,375
Total Revenue		<u>722,397,871</u>	<u>646,437,226</u>
Payments			
Employee Costs	5b	411,702,302	356,676,740
Repairs & Maintenance	7	30,898,535	19,051,195
General Expenses	8	116,678,464	124,669,828
Council Expenses	9	16,950,319	14,873,815
Academic Expenses	10	121,805,746	97,291,544
Total Payment		<u>698,035,367</u>	<u>612,563,123</u>
Net Cash flow From Operating Activities	25	<u>24,362,504</u>	<u>33,874,104</u>
Cash flow from Investing Activities			
Purchase of Intangible asset	16	(1,453,000)	(385,000)
Development Expense	17	(119,571,447)	(200,800,709)
Devp Expense- TTI	17	(48,070,298)	(17,900,000)
Net cash flow From Investing Activities		<u>(169,094,745)</u>	<u>(219,085,709)</u>
Cash flow from Financing Activities			
Borrowings	22	5,454,405	14,432,163
Repayment of Borrowings	22	(12,762,394)	(2,466,939)
Development Grant	36	102,480,121	169,366,667
Development Grant - TTI	36	48,029,931	33,000,000
Net cash flow from Financing Activities		<u>143,202,063</u>	<u>214,331,891</u>
Net increase/(decrease) in cash in hand and bank		(1,530,178)	29,120,285
Cash and Bank Balance B /f	11	25,268,179	(3,852,106)
Cash and Bank Balance C/f	11	<u>23,738,001</u>	<u>25,268,179</u>

The notes on pages 9 to 33 are an integral part of these financial statements

RONGO UNIVERSITY COLLEGE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 30TH JUNE 2016

	Proposed Budget 2015-2016 Ksh	Adjusted 2015-2016 Ksh	Approved 2015-2016 Ksh	Actual 2015-2016 Ksh	Variance 2015-2016 Ksh
Total Income	2,400,650,045	(1,667,994,639)	732,655,406	722,397,871	(10,257,535)
Employee Costs	875,451,775	(430,342,557)	445,109,218	440,735,224	4,373,994
Repairs & Maintenance	46,534,312	(13,283,945)	33,250,367	30,898,535	2,351,832
General Expenses	1,299,744,457	(1,184,006,426)	115,738,031	116,678,464	(940,433)
Council Expenses	19,500,000	(1,721,942)	17,778,058	16,950,319	827,739
Academic Expenses	159,419,501	(38,639,769)	120,779,732	121,805,746	(1,026,014)
Gross Expenditure	2,400,650,045	(1,667,994,639)	732,655,406	727,068,289	5,587,117

Notes:

i. Income

The University College had a shortfall in revenue from both Non- Exchange and Exchange Transaction sources as below:

Revenue from Non- Exchange Transaction (G.o.K)	4,769,988
Revenue from Exchange Transaction (A-I-A)	5,487,547
Total	10,257,535

Government of Kenya is the major source of income to Rongo University College. RUC prepares its initial budget for approval by Council based on the actual requirements as per its strategic plan. In the financial year 2015/2016, the Government allocated recurrent budget of Ksh 286,115,000 but only Ksh 281,345,012 was disbursed to Rongo University College giving a shortfall of Kshs 4,769,988. Also, there was under collection of revenue internally by Ksh 5,487,547

ii. General Expenses

Overspent in general expenses is because of unforeseen medical cases that required additional funding leading to a budget overrun.

iii. **Academic Expenses**

There was a budget overrun on academic cost, this was due to past part time claims that were presented after budget approval and research grants that were received and spent but were not part of the budget.

The notes on pages 9 to 33 are an integral part of these financial statements

X. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Rongo University College is a public institution which was established by the Government of Kenya through Legal Notice NO.70, Kenya Gazette Supplement NO.51, on 17th June 2011 as a Constituent College of Moi University. Rongo University College is represented by the Cabinet Secretary for Education, who is responsible for general policy and strategic direction of Rongo University College.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements, are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements have been prepared on accrual and going concern basis and the accounting policies have been applied consistently throughout the period. The statements comply with International public Sector Accounting Standards (IPSAS) and Public Finance Management Act PFM 2012. The financial statements are prepared on the historical cost basis unless stated otherwise and presented in Kenya Shillings (Kshs). The cash flow statement has been prepared using direct method.

Changes in accounting policies & disclosure

(a) New and amended standards adopted by the University.

There were no new and amended standards applied by the University as the University had chosen to early adopt new standards and interpretations as specified in (b) below.

(b) New standards and interpretation early adopted

The University elected to adopt IPSAS 33, 'First time adoption of accrual basis IPSAS': A first time adopter shall apply this standard if its first IPSAS financial statements are for a period beginning on or after January 1, 2017. IPSAS 33 provides clarification on the following issues:

- Allow first-time adopters three years to recognize specified assets and liabilities.
- This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.
- Addresses situations when reliable historical cost information about assets and liabilities is not available; and addresses the presentation of comparative information in transitional IPSAS financial statements and an entity's first IPSAS-compliant financial statements.

(c) New standards and interpretation not yet adopted

The new standard that has not yet been adopted by the University is IPSAS 39. Employee Benefits. This standard is effective 1st January 2018. It replaces IPSAS 25 on Employee Benefits. The objective to issue IPSAS 39 was to create convergence of IPSAS 25 to the amendments done to IAS 19.

The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

(b) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Kenya shillings (Kshs) which is the University's functional currency, and rounded to the nearest shilling.

ii. Transactions and balances

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.

(c) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services, in the ordinary course of the University activities. Revenue is shown net of refunds. The University recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University activities as described below.

i. **Revenue from Non-Exchange Transaction**

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 probably that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

ii. **Revenue from Exchange Transaction**

Revenue from tuition fees are accounted for over the period in which they relate and fees paid in advance are carried forward under trade and other payables.

Donations received are recognized as and when they are received and utilized. Unutilized donations are treated as payable since they are tied to a specific purpose. Research grants are recognized when received.

Capital donations are recognized over the useful life of the asset they relate to and the portion not due is accounted for under non-current liability.

(d) Property, Plant & Equipment

All property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the items and bringing it into usable condition. Subsequently, land and buildings are shown at fair value based on periodic valuations by external independent valuer, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent cost are included in the assets carrying amount or recognized as a separate asset as appropriate only when it's probable that the future economic benefits associated with the item will flow to the university and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of the replaced part is derecognized. 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. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increase in the carrying amount arising on revaluation of land and buildings are credited to comprehensive income and shown as revaluation reserve in the statement of net assets. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to the income statement.

Each year, the difference between depreciation based on the revalued carrying amount of the asset (Depreciation charged to the income statement), and depreciation based on the assets original cost is transferred from the revaluation reserve to accumulated surplus.

Fixed assets have been depreciated on straight line method to write off the costs of the assets over their useful lives at the following rates:

Land	NIL
Building	2.5%
Tractor	37.5%
Motor Vehicle	25%
Computer	30%
Plant and machinery	12.5%
Furniture and Fittings	12.5%
Library books	20%

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

(e) Leases

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset to the lessee. All other leases are classified as operating leases. The University shall charge all the payments on operating leases to the surplus or deficit on a straight line basis over the period of the lease.

(f) Intangible asset

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

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets shall be amortized over their useful life on a straight line basis. Subsequent expenditures on intangible assets shall be recognized as an expense for the period that it is incurred.

(g) Inventory

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value represents the cost the entity would incur to acquire the asset on the reporting date.

(h) Trade Receivables

Trade receivables are amounts due from customers (mainly students) for services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating financial year, if longer), they are classified as current assets. If not they are presented as non-current assets. Trade receivables are recognized at fair value less provisions.

(i) Employee costs

i. Retirement benefit obligation

The University College operates a contributory pension scheme for eligible employees through the Moi University Pension Scheme. The University also contributes to National Social Security Fund (N.S.S.F) as statutory defined contribution scheme under the N.S.S.F Act 2013.

ii. Other entitlements

All employees are expected to take their annual leave as and when it matures during the year, or forfeit. Employees' entitlements to gratuity are recognized when they accrue to contractual employees. A provision is made for the liability for such entitlement as a result of services rendered by the employees up to the statement of financial position date. Such employees become entitled to the gratuity at the completion of their contracts and the payment out of this are charged to the accrued gratuity account.

iii. Termination benefits

Termination benefits are payable when employment is terminated by the University before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange of these benefits. The University recognizes termination benefits at the earlier of the following dates a) when the University can no longer withdraw the offer of those benefits and b) when the University recognizes cost for a restructuring that is within the scope of IPSAS 19 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy the termination benefits are measured based on the number of employees expected to accept the offer.

(j) Cash and Cash Equivalent

Cash and cash equivalents include cash in hand, deposit held at call with banks, other short term investments of less than three months and bank overdrafts. Bank overdrafts are disclosed as borrowings under current liabilities.

(k) Trade Payables

Trade payables are obligations for goods and services that have been acquired from suppliers. Accounts payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognized at fair value.

(l) Capital Grants

Capital grants specific to acquisition or construction of assets are recognized as a long term liability and recognized in the income statement over the life of the related asset.

(m) Comparative figure

The comparative prior year figures are shown against every item in the financial statements. Consistent accounting methods have been applied and changes made will be reported and the effect on reported results disclosed. Prior year adjustments refer to expenses previously not included in the financial statements and to incomes to technical Training Institutes not previously recognized.

(n) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis (IPSAS 24) for budgeting purposes, there are no basis, timing of entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

(o) Provisions

Provisions for bad debts are recognized when the Entity 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 services potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Finance Officer shall review all outstanding debts which are under dispute, on a monthly basis before any bad debt provisions are made. For individuals whose debts are in excess of Kshs 50,000 the bad debts should only be written off on the authority of the Council. Other bad debts below this amount will only be written off by the RUC after steps have been taken to recover the debt and RUC is satisfied that

1. All legal and other measures have been exhausted , but there is still a balance of the debt remaining and
2. Recovery of the debt would be uneconomical on its part.

(p) Contingent liabilities

The university 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.

(q) Contingent assets

The University 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 University 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.

(r) Nature and purpose of reserves

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

(s) Changes in accounting policies and estimates

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

(t) Financial instruments

(a) 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, loan and receivables, held –to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

(b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are 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 university 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.

(u) 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 as permitted by the standards.

(v) Research and development costs

All research costs are capitalized only after technical and commercial feasibility of the resulting product or service have been established. All other treatments relating to research and development shall be as permitted by the standards.

(w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2016.

(x) Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums on borrowings, and amortization of ancillary costs incurred in the arrangement of borrowing. Borrowing Costs incurred on qualifying assets will be treated as permitted by the IPSAS using the appropriate model.

(y) Segment Reporting

The university will look at its organizational structure and internal reporting system for the purpose of identifying its services segments and geographical segments with a view to issue segment reports as permitted by the IPSAS.

(z) Impairment of cash generating assets

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its coverable amount. An important loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

(aa) Impairment of Non-cash generating assets

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

(bb) Agriculture

All biological assets (including those acquired biological assets through non exchange transaction) are measured at fair value less costs to sell, unless fair value cannot be measured reliably. Any change in the fair value of biological assets during a period is reported in surplus or deficit.

(cc) Related Party Disclosures

The entity regards a related party as a person or entity with the ability to exert control individually or to exercise significant influence over the entity. The university is a single entity without controlling interest in any other entity and as such did not trade in that respect.

Council expenses relate to facilitative allowances paid to members during attendance of meetings as per the calendar of activities. The expenses are as per Note 9.

Key management Remuneration relates to payment of salaries and allowances as below:

	Kshs	Kshs
	2016	2015
Key Management	41,303,508	39,106,295

(dd) Critical accounting estimates and judgments

The University makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed. The University determines the estimated useful life and related depreciation charges for its property, plant and equipment. This estimate is based on projected asset life for its assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives or it will write off or write down technically obsolete assets that have been abandoned or sold.

(ee) Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

(i) Credit risk

The University has exposure to credit risk which is the risk that counterparty to a financial instrument will be unable to pay amounts in full when due thus causing a financial loss. Credit risk arises from cash and cash equivalents and trade receivables.

Credit risk on trade receivables is managed by ensuring that credit is extended to students with established credit history. Credit is managed by setting the credit limit and the credit period for each category of customer. These parameters are monitored by the University Management Board on a semester basis.

(ii) Market risk

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

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk price risk.

(iii) Foreign currency risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the university's functional currency. The university primarily transacts in the Kenya shilling and its assets and liabilities are denominated in the same currency. The university's exposure to foreign currency risk is minimal.

(iv) Interest rate risk

Interest rate risk is the risk that the University's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from deposits with financial institutions. This exposes the University to cash flow interest rate risk.

(v) Management of interest rate risk

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

(vi) Sensitivity analysis

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of financial performance. This is due to the fact that at the end of the financial year there was no investment that would be affected by fluctuations in the interest rates.

(vii) Price risk

The University does not hold investments that would be subject to price risk; hence this risk not relevant.

	KSH	KSH
3 Revenue from Non-Exchange Transaction	2016	2015
Recurrent Received	281,345,012	225,916,030
Recurrent Accrued	-	20,537,821
Total Revenue from Non Exchange Transaction	281,345,012	246,453,851
	KSH	KSH
4 Revenue from Exchange Transaction	2016	2015
Fees & Related Charges Received	346,184,104	310,453,722
Fees & Related Charges Accrued	65,657,713	61,982,999
Tender Incomes	26,000	221,000
Cafeteria Charges	6,789,315	10,480,614
Research Income	22,271,535	16,425,000
Rental Income	30,300	17,900
Other Incomes	93,891	402,141
Total Revenue from Exchange Transaction	441,052,859	399,983,375
	KSH	KSH
5 Employee costs	2016	2015
Salaries & Wages	215,747,708	197,078,383
Pension and Provident	26,399,412	23,376,740
Commuter Allowance	43,562,581	39,439,666
Housing Allowance	123,405,676	106,840,366
Locum	1,888,000	668,000
Other Allowances	29,731,847	7,882,845
Employee costs	440,735,224	375,286,000
	KSH	KSH
6 Depreciation and amortization expense	2016	2015
Property, plant and equipment	74,030,784	64,478,750
Intangible assets	2,404,291	696,900
Total depreciation and amortization	76,435,075	65,175,650
	KSH	KSH
7 Repairs and maintenance	2016	2015
Property	22,728,275	11,429,489
Equipment	1,301,945	3,004,380
Vehicles	2,207,256	2,675,537
Computer	4,661,059	1,941,789
Total repairs and maintenance	30,898,535	19,051,195

Rongo University College Financial Statements for the Year Ended 30th June 2016

8 General expenses	KSH 2016	KSH 2015
The following are included in general expenses:		
Advertising	9,073,500	10,267,042
Travel & Accommodation	9,131,086	11,358,710
External Travel	2,298,720	3,036,919
Internet Communication	9,619,150	5,901,382
Open & Cultural Expense	647,300	5,600
Audit Expenses	1,392,000	696,000
Library Books and Journals	1,234,885	1,097,157
Bank Charges	2,838,185	2,077,817
Committee & Seminar Expenses	5,134,906	6,539,245
Medical Expenses	14,263,270	10,784,209
Subscriptions	573,940	193,929
Electricity, Water & Conservancy	7,566,872	10,008,824
Transport Operating Expenses	6,230,160	5,712,733
Cooking Fuel and oil	2,482,230	3,141,800
Catering Expense	18,477,786	37,646,961
Insurance	3,627,435	2,526,178
Legal expenses	414,307	805,150
Strategic Planning Expenses	108,750	19,000
ICT Infrastructure	281,000	735,800
CSR	479,500	531,378
Hire Expenses	477,000	539,900
Farm Expenses	950,380	773,040
Performance Contract	2,017,374	1,053,500
Postage	338,992	364,526
Stationery	3,868,047	9,051,217
Public Celebrations	366,490	120,700
Tender Expenses	542,100	713,800
Cleaning Materials	3,253,553	3,659,237
Valuation Expense	-	835,000
Recruitment Expenses	222,164	278,500
Textile & Uniform	702,030	242,500
Telecommunication	2,139,610	398,600
Purchase of Medical Equipment	762,928	1,632,580
Training	3,195,820	2,159,428
Official Entertainment	1,966,994	1,648,756
Loss In Value Of Biological Assets	-	19,800
Total general expenses	116,678,464	136,576,916

	KSH 2016	KSH 2015
9 Council Expenses		
Sitting Allowance	3,420,000	5,560,000
Subsistence Expenses	4,930,001	5,133,425
Travel & Accommodation Expenses	2,965,001	5,597,670
Other Expenses	5,635,317	2,083,814
Total Council Expense	16,950,319	18,374,909
	KSH 2016	KSH 2015
10 ACADEMIC COSTS		
Publishing & Printing Expense	1,135,734	2,987,831
Student Activities	2,442,114	1,563,400
Field Trips & Attachments	19,413,828	10,027,468
Part-time Lecturers	32,292,578	37,585,553
Graduation Expenses	2,166,750	3,677,110
Admissions Expense	3,542,600	2,437,542
External Examiners	3,573,703	3,312,922
Rental	15,591,332	13,993,632
Purchase of Games Equipment	302,660	-
Collaboration & Linkages	1,067,178	716,638
Conversion to University Status	8,272,260	1,660,469
RUCSO	4,386,070	3,926,832
Teaching Materials	1,865,011	1,115,278
Inter-university Games	2,412,483	814,810
Curriculum Development	1,372,945	308,800
Shows & Exhibitions	1,943,155	1,320,882
Research Expenses	14,969,245	10,689,474
KUCCPS	5,056,100	1,206,000
Total Academic Costs	121,805,746	97,344,641
	KSH 2016	KSH 2015
11 Cash and cash equivalents		
KCB PSSP- 1130114511	25,192	288,823
KCB GSSP -1139740229	265,537	121,086
KCB CDF -1160299625	1,075,444	1,780,422
KCB DEVP -1139740091	30,037	304,767
NBK MAIN -01021047041000	111,986	118,651
NBK PSSP- 01020047041000	329,329	138,258
NBK GSSP- 01020047041001	122,754	65,344
CO-OP PSSP -01694477027400	18,839,637	396,640
CO-OP GSSP- 01693477027401	170,749	184,928

Rongo University College Financial Statements for the Year Ended 30th June 2016

Mentoring Institution Accounts		
MABERA TTI KCB -1173876752	2,062,294	-
KAKRAO TTI KCB -1159020558	69,931	10,070,983
KENDEGE TTI CO-OP -01120477027400	574,202	11,634,063
Cash on Hand	60,908	164,214
Cash and Cash Equivalent	23,738,001	25,268,179
12 Receivables from exchange contracts		
	KSH	KSH
Current receivables	2016	2015
Staff Debtors	2,902,016	1,999,158
Prepaid Expenses	470,068	-
Student Debtors B/F	76,220,219	38,723,496
Student Debtors	65,657,713	61,982,999
Provision for Doubtful Debts	(3,282,886)	(1,549,575)
Total Net Receivables	141,967,130	101,156,078
13 Receivables from Non- Exchange Transactions		
	KSH	KSH
	2016	2015
Capitation Grant-Recurrent	-	20,537,821
Total Receivables from Non exchange Transaction	-	20,537,821
14 Biological Assets		
	KSH	KSH
	2016	2015
Initial Cost	559,000	559,000
Additions	-	-
Valuation	257,720	-
Biological Assets	816,720	559,000
15 Inventories		
	KSH	KSH
	2016	2015
Consumable stores	2,925,652	3,733,974
Medical supplies	848,407	3,727,550
Spare parts and meters	6,779,565	321,819
Catering	733,272	1,414,390
Total inventories	11,286,896	9,197,733

Biological assets are made up of farm animals kept for teaching purposes. Initial recognition is at cost. Subsequent recognition is on local market price. An increase in valuation of biological assets is recognized in the income statement.

	KSH 2016 20%	KSH 2015 20%
16 Intangible Assets		
Opening balance	2,787,600	1,938,000
Additions	<u>9,233,855</u>	<u>1,546,500</u>
Total	12,021,455	3,484,500
Amortization	<u>(2,404,291)</u>	<u>(696,900)</u>
Closing balance	<u>9,617,164</u>	<u>2,787,600</u>

Intangible asset refers to Uri Plus software, which the University buys per module. Additions refer to purchase of these modules and internal development of other library soft wares.

Internally developed software's are measured at fair value.

Rongo University College Financial Statements for the Year Ended 30th June 2016

17. Property, Plant and Equipment
as at 30th June 2016

	Land	Buildings	Motor Vehicles	Work In Progress	WIP-TTI	Computers & Accessories	Plant & Machinery	Furniture & Fittings	Library Books	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2013	58,494,795	162,422,490	52,014,207	-	-	16,131,337	51,070,686	44,958,115	7,276,800	392,368,430
Additions	8,863,713	36,081,815	680,000	101,443,158	-	7,111,132	4,006,179	16,900,362	833,920	175,920,279
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	67,358,508	198,504,305	52,694,207	101,443,158	-	23,242,469	55,076,865	61,858,477	8,110,720	568,288,709
Additions	-	20,951,767	22,940,594	96,578,464	17,900,000	21,552,076	4,048,720	7,598,088	27,131,000	218,700,709
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-
At 30 June 2015	67,358,508	219,456,072	75,634,801	198,021,622	17,900,000	44,794,545	59,125,585	69,456,565	35,241,720	786,989,418
Additions	-	-	5,199,503	82,262,180	48,070,298	3,208,312	2,844,460	5,045,664	21,011,328	167,641,745
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	3,000,000	-	-	-	-	3,000,000
At 30 June 2016	67,358,508	219,456,072	80,834,304	280,283,802	68,970,298	48,002,857	61,970,045	74,502,229	56,253,048	957,631,163
Depreciation										
As at 1st July 2013	-	4,060,562	13,003,552	-	-	4,839,401	6,383,836	5,619,764	2,183,040	36,090,155
Depreciation	-	4,962,608	13,173,552	-	-	6,972,741	6,884,608	7,732,310	2,433,216	42,159,034
Disposals	-	-	-	-	-	-	-	-	-	-

Rongo University College Financial Statements for the Year Ended 30th June 2016

	KSH 2016	KSH 2015
18 Work - in- Progress		
Tuition Block Phase 1	93,370,935	88,220,935
Tuition Block Phase 2	88,196,488	59,277,833
Water Treatment Plant	60,937,490	38,542,029
Dining Hall	14,600,000	5,800,000
Twin Science Lab	9,336,165	6,180,825
Hostel	12,757,823	-
Borehole	1,084,902	-
Kakrao TTI	28,051,588	11,900,000
Kendege TTI	30,018,710	6,000,000
Mabera TTI	10,900,000	-
Balance C/F	349,254,100	215,921,622

Capitation grant of TTI's relates to government development grants from State Department of Vocational training. These amounts are used for construction of Technical Training Institutions at Kakrao, Kendege and Mabera ALL IN Migori County. The projects are under the mentorship of Rongo College University Council.

	KSH 2016	KSH 2015
19 Payables From exchange Transactions		
Trade payables	68,094,407	71,400,206
Caution Money	5,500,000	4,500,000
Total trade and other payables	73,594,407	75,900,206

The carrying amounts of the above trade and other payables approximate their fair values. Caution money is refundable to students after their graduation or after clearance in case of transfers.

	KSH 2016	KSH 2015
20 Provision		
Audit Fees	690,000	1,000,000
Doubtful Debts	3,282,886	1,549,575
Total	3,972,886	2,549,575

	KSH 2016	KSH 2015
21 Payments received in advance		
Student Advances	46,384,591	1,017,293

	KSH 2016	KSH 2015
22 Borrowings		
Cooperative Bank Loan	4,657,235	11,965,224

Movement in Borrowings	2016	2015
At Start	11,965,224	14,432,163
Advanced in the Year	5,454,405	-
Repayment	(12,762,394)	(2,466,939)
At the end of the Year	4,657,235	11,965,224

Borrowing refers to loan obtained from cooperative bank for purchase of lorry repayable in monthly instalments over 5 months. It is secured on Bus KCA 653F at an interest rate of 19% per annum. The unrepresented payments as at the statement of financial position date are reported as payables.

23 DEFERRED INCOME	KSH 2016	KSH 2015
Deferred Income	7,421,535	-

Deferred income liability refers to research funds from McKnight, received in the year under review but appertains to the next financial year.

24 Retention Fees	KSH 2016	KSH 2015
Retention Fees	26,344,723	10,136,401
Total	26,344,723	10,136,401
Value of W.I.P	346,254,100	215,921,622
retention @ 10 %	34,625,410	21,592,162
Less Retention Paid In the Year	8,280,687	11,455,761
Balance C/f	26,344,723	10,136,401

Rongo University College Financial Statements for the Year Ended 30th June 2016

25 Cash generated from operations		KSH	KSH
		2016	2015
Surplus for the year before tax		(84,820,659)	(67,921,660)
Adjusted for:			
Depreciation		76,435,075	65,175,650
Contribution to provisions		(3,972,886)	(2,549,575)
Working capital adjustments:			
(Increase) Decrease in inventory		(2,089,163)	(2,099,319)
(Increase) Decrease in receivables		(20,573,232)	1,245,782
Increase(decrease) in payables		42,875,046	39,005,199
Increase(decrease) in retention fee		16,508,322	1,018,027
Net cash flows from operating activities		24,362,503	33,874,104
26 Related Party Disclosure		KSH	KSH
		2016	2015
Key Management Emoluments		41,303,508	39,106,295

27. Capital Commitment

The University had capital commitments with regards to its development projects as at the statement of financial position date as below:

Project	Estimated Value
	KSH
Tuition Block	194,577,786
Water Treatment Plant	19,450,851
Dining Hall	2,077,390
Twin Science Lab	1,763,836
Hostel	80,808,861
Borehole	3,760,098
Kakrao TTI	20,669,246
Kendege TTI	15,631,290
Mabera TTI	43,783,900
Total	382,523,257

28. Statement of Debts Guaranteed By the National Treasury

The Council reiterates that as at 30th June, 2015, there were no borrowings that were guaranteed by the National Treasury as required by Sec 81(2) (c) of the Public Finance Management Act No. 18 of 2012

29. Leases Arrangements

Lease in which a significant portion or risk and rewards of ownership are retained by the lessor are classified as operating leases. Currently the University has a presence in Rongo Town. The University has secured operating leases paid for within the financial year for period ranging from 2 to 4years. The Council will continue to ensure that all requirements with respect to offering university education are met by all leased facilities.

	2016	2015
Within 1 Year	10,017,929	6,846,000
2-5 Years	27,954,536	10,017,929
Over 5 years	9,013,182	27,954,536
Total	46,985,647	44,818,465

30. Events after the end of the reporting period

Rongo University College was chartered on 7th October 2016 and became fully fledged University. This award had no significant implication on the financial statements under review.

31. Research Grants Reconciliation

Research Grants are receivable from institutions both local and foreign that have entered into funding agreements for purposes of furtherance of areas of common interest in training, research and community outreach activities. The terms of these grants are as specified in the agreements.

32. Reserves

a) Capital Investment Fund

This relate to items of property plant and equipment developed from capital grants received from national government , other development partners and transfers from revenue reserve on purchase of additional assets.

b) Accumulated Surplus

This relates to surplus / deficit accrued by the university college over time.

c) Revaluation Surplus

This relate to items of property plant and equipment inherited from the former Moi Institute of Technology (MIT)

33. Budget Comparison

Government of Kenya is the major source of income to Rongo University College. RUC prepares its initial budget for approval by Council based on the actual requirements as per its strategic plan. However, amounts allocated have always been far much below expected. This has necessitated reviews in line with government allocation.

There was a budget overrun on academic cost, this was due to research grants that were received and spent but not budgeted for, and part time claims.

34. Contingent Liability

Rongo University College has litigation on land with a third party whose ruling is yet to be made. Management estimate of the land in the event of unfavorable ruling is Ksh 32,984,954.

35. Prior year Adjustments

Prior year adjustments have been made with regards to the following:

a) Academic and General Expenses as per the ledgers.

b) Incomes and expenses with regards to Technical Training Institutes that had not been included in the financial statements.

c) Depreciation component of revalued assets transferred from revaluation surplus to accumulated surplus as per the working below.

Rongo University College Financial Statements for the Year Ended 30th June 2016

	Ksh	Depreciation Ksh	Prior Years Ksh	Current Year Ksh
Land	58,494,795	0%	-	-
Buildings	162,422,490	2.5%	12,181,687	4,060,562
Motor Vehicles	52,014,207	25%	39,010,655	13,003,552
Computer Accessories	16,131,337	30%	14,518,203	4,839,401
Plant & Machinery	51,070,686	12.5%	19,151,507	6,383,836
Furniture & Fittings	44,958,115	12.5%	16,859,293	5,619,764
	385,091,630		101,721,346	33,907,115

36. Reconciliation of Transfers from Ministry and Other Agencies

MONTH	DATE	SOURCE	RECURRENT	DEVP RUC	DEVP TTI	TOTAL
Aug-15	06.08.2015	Central Govt	23,787,821			23,787,821
		Rongo CDF		2,000,000		2,000,000
Sep-15	23.09.2015	Central Govt	23,787,821			23,787,821
Oct-15	29.10.2015	Central Govt	23,787,821			23,787,821
Nov-15	05.11.2015	Central Govt	23,787,821			23,787,821
Dec-15	15.12.2015	Central Govt	23,787,821			23,787,821
Dec-15	28.12.2015	Central Govt	23,787,821			23,787,821
Jan -16	26.01.16	Migori County			1,000,000	1,000,000
Feb-16	12.02.2016	Central Govt	23,787,821			23,787,821
Feb-16	26.02.2016	Central Govt			5,311,653	5,311,653
Feb-16	26.02.2016	Central Govt			5,300,000	5,300,000
Mar-16	04.03.2016	Central Govt	23,787,821			23,787,821
Mar-16	15.03.2016	Central Govt			10,000,000	10,000,000
Mar-16	03.03.2016	Central Govt			16,418,278	16,418,278
Apr-16	04.04.2016	Central Govt	23,787,821			23,787,821
Apr-16	29.04.2016	Central Govt	23,787,821			23,787,821
Apr-16	08.04.2016	Central Govt		66,600,000		66,600,000
May-16	13.05.16	Kuria west CDF			10,000,000	10,000,000
Jun-16	02.06.2016	Central Govt	21,733,404			21,733,404
Jun-16		Central Govt		33,880,121		33,880,121
Jun-16	27.06.2016	Central Govt	21,733,400			21,733,400
	TOTAL		281,345,012	102,480,121	48,029,931	431,855,064

XI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION

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

Reference: Student Debtors

Issue for qualification: The University College did not have provision for bad debtors' policy and hence it was not possible to determine whether and when the college will recover the student debtors amounting to Kshs 38,723,495

Management comment: Management has developed a draft policy on bad debts and has made necessary provisions in the current financial statements.

Status: Resolved

Emphasis of matter: Budget overruns

Issue: Certain items not relating to grant of charter in the budget had significant over expenditure

Management comment: Insufficient budget for the year

Focal person to resolve: Prof. Samuel Gudu- Principal

Status: Institution of austerity measures and strict adherence to the budget

Time frame: Over the budget period

CEO (Rongo University College)

Sign:

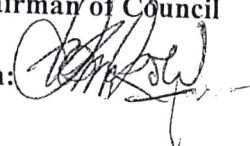


Date: 30/09/2016



Chairman of Council

Sign:



Date 30/09/2016

