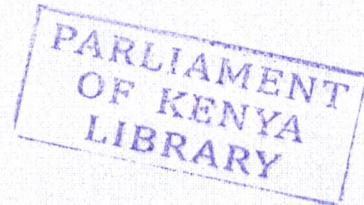


REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA SCHOOL OF GOVERNMENT**

**FOR THE YEAR ENDED  
30 JUNE 2014**



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya School of Government set out on pages 19 to 37-B2, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, the 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Auditing. 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 School's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion**

#### **1. Unsupported Balance**

The statement of financial performance for the year ended 30 June 2014 reflects total revenue of Kshs.1,472,454,218. Included in this balance is other revenue figure of Kshs.474,202,060 which differs by Kshs.25,951,393 from the supporting schedule amount of Kshs.472,803,291. No explanation has been provided for this difference. In the circumstances, it has not been possible to confirm the accuracy and completeness of the revenue balance of Kshs.1,472,454,218.

#### **2. Property, Plant and Equipment**

As reported in the year 2012/2013, the property, plant and equipment balance of Kshs.5,750,445,035 as at 30 June 2014 includes land owned/occupied by Embu, Mombasa and Matuga campuses valued at Kshs.181,650,000, Kshs.736,200,000 and Kshs.47,500,000 respectively whose title deeds were not availed for audit verification. In the circumstances, and in absence of the title documents, it has not been possible to ascertain the ownership status of the three parcels of land and that the property, plant and equipment balance of Kshs.5,750,445,035 is fairly stated as at 30 June 2014.

#### **3. Investments**

The Non-Current assets balance of Kshs.7,615,127,830 includes investment balance of Kshs.55,497,594 while the confirmation certificate availed for audit review reflected a balance of Kshs.60,000,000 resulting in an unexplained or unreconciled difference of Kshs.4,502,406. Consequently, the accuracy and completeness of the investment balance of Kshs.55,497,594 as at 30 June 2014 could not be confirmed.

#### **4. Inventories**

The financial statements reflect inventories balance of Kshs.23,724,726 while supporting schedules for the same shows a figure of Kshs. 28,655,124 resulting in unexplained or unreconciled difference of Kshs.4,930,398. Consequently the

accuracy and completeness of the Inventories balance of Kshs.23,724,726 as at 30 June 2014 could not be confirmed.

#### **5.0. Trade and Other Payables**

Trade and Other Payables balance of Kshs.494,044,979 as at 30 June 2014 includes payables of Kshs.208,801,682 whose supporting schedules/analysis was not availed for audit review. In the circumstances, it has not been possible to confirm the validity and accuracy of trade and other payables balance of Kshs.494,044,979 as at 30 June 2014.

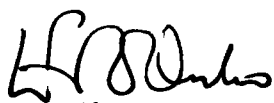
#### **Adverse Opinion**

Because of the significance of the matters discussed in the Basis for Adverse Opinion Paragraph, the financial statements do not present fairly the financial position of the School as at 30 June 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis and do not comply with the Kenya School of Government Act, 2012.

#### **Other Matter**

##### **Lack of Budgetary Control**

The consolidated statement of comparison of budget and actual amounts for the year ended 30 June 2014 reflects over-expenditure totalling Kshs.189,105,793 on twenty (20) expenditure items contrary to Section 12 of the State Corporations Act, 446 which states that no corporation shall, without prior approval in writing of the Minister and the Treasury incur any expenditure for which provision has not been made in an annual estimate. In the absence of approval in writing of the Minister and Treasury, the State Corporation is in breach of the law. My opinion is not qualified in respect of the above matter.



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

**Nairobi**

**10 June 2015**



**KENYA SCHOOL OF GOVERNMENT**



**ANNUAL REPORT**

**AND**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2014**

**Based on International Public Sector Accounting  
Standards**

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## 1.1 GENERAL INFORMATION

### 1 REGISTERED OFFICE AND PRINCIPAL PLACE OF OPERATION

Kenya School of Government  
P.O BOX 23030-00604  
Lower Kabete Road  
Nairobi.

### 2 BANKERS

Kenya Commercial Bank Limited  
P.O.Box 14959-00800  
Nairobi

National Bank of Kenya Limited  
P.O.Box 72866-00200  
Nairobi

Central Bank of Kenya  
P.O. Box 86372-80100  
Mombasa

### 3 AUDITOR

The Auditor General  
Kenya National Audit office  
P.O Box 30084- 00100  
Nairobi.

### 4 LAWYERS

Mwaniki Gachoka & Co. Advocates  
P.O.Box 13439-00800  
Nairobi

L.G Kimani & Co. Advocates  
P.O.Box 73976-00200  
Nairobi

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## 1 COUNCIL MEMBERS

Prof. Francis N. Kibera, PhD, CBS	Chairman
Dr. Ludeki Chweya, PhD, CBS	Director General / Secretary
Prof. Owoko K'Obonyo	Member
CS. Catherine Musakali	Member
Mr. Eliud Okech Owalo	Member
Ms. Grace Wakesho Maingi-Kimani	Member
Dr. Eric M. Aligula	Member (resigned on 21/2/2014)
Ms. Juster Nkoroi, EBS	Representing Principal Secretary Ministry of Devolution and Planning, Directorate of Public Service Management
Mr. Micah Origa	Representing Principal Secretary National Treasury
Mr. Bernard Malenya	Representing Principal Secretary Ministry of Education, Science and Technology
Dr. Rispa Odongo	Representing Commission for University Education
Prof. Michael N. Lokuruka	Representing Public Service Commission of Kenya

## 2 SENIOR MANAGEMENT STAFF

Dr. Ludeki Chweya, PhD, CBS	Director General / CEO
CPA Osman Ibrahim, OGW	Director Finance and Administration
Mrs. Leah Munyao	Director Academic Affairs
Dr. Nura Mohamed	Acting Director Nairobi Campus
Mr. Alfonso Munyali	Director Mombasa Campus
Dr. Maurice Khayota	Director Embu Campus
Mr. Isaac Chebon, HSC	Director Baringo Campus
Mr. Jeremiah Nyaberi	Director Matuga Campus
Ms. Njambi Muchane, MBS	Director eLearning and Development Institute



# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## COUNCIL MEMBERS



Prof. Francis Kibera



Dr. Ludeki Chweya



Prof. Peter K'Obonyo



Prof. Michael Lokuruka



Mr. Eliud Owalo



CS. Catherine Musakali



Ms. Grace Maingi

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## COUNCIL MEMBERS PROFILE

### 1 Prof. Francis Kibera, Chairman (69 years)

#### Chairman

Professor Kibera holds a doctor of philosophy (PhD) degree in Business administration from the University of Toronto, and a Master of Business Administration from University of Alberta, Canada. He did his Bachelor of Commerce (B.Com) degree program at the University of East Africa (University College, Nairobi). He has extensive administrative and management experience in the public sector particularly in the education and training sub-sector. He has also undertaken many value-adding research and consultancy projects in areas of strategic management, customer and employee satisfaction in the Public Service, marketing and institutional development and capacity building. He has over 30 years as a senior academician in the School of Business University of Nairobi.

### 2 Dr. Ludeki Chweya (53 years)

#### CEO/ Director General

Dr. Ludeki holds a doctor of Philosophy (PhD) degree in Political Science from Queens University, Kingston Ontario, Canada and a Masters of Arts in Government from the University of Nairobi. He also holds Bachelor of Arts (BA) in Political Science and Arabic from the University of Nairobi. He has a vast experience in management in the public sector and coordination and policy formulation.

### 3 Prof. Peter K'Obonyo (62 years)

#### Member

Prof. Peter K'Obonyo holds a doctor of Philosophy (PhD) degree in Business Administration from the University of South Carolina, USA, college of Business Administration. He did his Master of Business Administration (MBA) from the University of Nairobi and Bachelor of Arts (BA) from Makerere University, Kampala, Uganda. He has extensive administrative and management experience in the public sector particularly in education and training sector. He has over 25 years in field of academic.

### 4 Catherine Musakali (45 years)

#### Member

Catherine Musakali holds a Masters of Laws from the University of Nairobi, a Bachelor of Law from the University of Nairobi and Postgraduate Diploma in Law from the Kenya School of Law. She has over 24 years experience in the field of Law. She has worked as a legal consultant in the Private sector.



# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## COUNCIL MEMBERS PROFILE

### **5 Eliud Okech Owalo**

#### **Member**

Eliud Okech Owalo holds a Masters degree (MBA) in Human Resource Management from University of Nairobi and a Bachelors degree in Economics and Business Studies from Kenyatta University. He jhas vast experience in managing consultants. Some of the areas include strategic planning, job evaluation, organisational restructuring and performance management.

### **6 Grace Wakesho**

#### **Member**

Grace Wakesho holds a Masters of Laws from the University of Leicester, UK and a post graduate diploma in law from the Kenya School of Law. She is a human rights lawyer with extensive and diverse experience at the national, regional and international level garnered in Key non-governmental organisations in Kenya.

### **7 Dr. Eric Aligula (47 years)**

#### **Member**

Dr. Eric Aligula holds a doctor of Philisophy (PhD) degree in Infrastructure, Planning and Management from the University of Dortmund, Germany. He also holds a Master of Arts in Building Economics from the University of Nairobi and a Bachelor of Arts in Building Economics from the Unviersity of Nairobi. He has extensive public policy analysis and formulation and evaluation skills for over 9 years.

### **8 Prof. Michael Lokuruka (59 years)**

#### **Representing Public Service Commission**

He holds a doctor of Philosophy (PhD) degree in Food Science from Cornell University, USA, a Post Graduate Diploma in fish processing technology,from the University of Trondheim, Norway, a Masters of Science in Food Science from the University of Reading, UK and a Bachelors of Food Science and Technology from the University of Nairobi. He has vast experience in research and consultancy in food quality assurance, writing of articles, books, proposals and technical review of academic writings.

### **9 Micah Origa (37 years)**

#### **Representing Principal Secretary, National Treasury**

Micah Origa holds a Masters degree in Business Administration from the University of Calicut and a Bachelor of Commerce degree from the University of Calicut. He has a wide experience in budget preparations and monitoring especially in the Public Sector as well as financial management.

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## COUNCIL MEMBERS PROFILE

### **10 Rispa Odongo (59 years)**

#### **Representing Commission for University Education**

Rispa Odongo has a Masters degree in Animal Production and Health and a Bachelors degree in Veterinary Medicine. She has over 21 years experience in preparation and evaluation of proposals for establishment of private universities, review of curricula of private universities and evaluation and accreditation of academic programmes of Universities. She also has experience in preparation of draft charters and draft statutes of private universities.

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## DIRECTORS/ SENIOR MANAGEMENT'S PROFILE

**1 Leah Munyao (51 years)**

**Director Academic Affairs**

She holds a Master of Education (Med) from the University of Nairobi and a Bachelor of Arts in Education from Kenyatta University. She has experience over 23 years experience in training, strategic thinking, development of internal management systems, policy formulation and program development for educational institutions.

**2 CPA Osman Ibrahim (45 years)**

**Director Finance**

He holds a Master of Business Administration from the University of Nairobi and a Bachelor of Commerce (MBA), accounting from the University of Nairobi. He has vast experience in finance including formulation of systems policies and procedures for the finance and administration sections,

**3 Isaac Chebon (52 years)**

**Director-Baringo Campus**

Isaac holds a Masters in Institute of Social Studies from Hague and a Bachelor of Arts from the University of Nairobi. He has a wide knowledge in training, and capacity development in the Public Sector.

**4 Jeremiah Nyaberi (52 years)**

**Director- Matuga Campus**

Nyaberi holds a Masters from the University of Birmingham and a Bachelor of Commerce from Panjab University. He has experience in capacity development in the Public Sector and training and Consultancy.

**5 Alfonso Munyali (49 years)**

**Director- Mombasa Campus**

Munyali holds a Master degree in Business Administration from Eastern and Southern African Management Institute and a Bachelor of Arts from the University of Nairobi. He has a vast knowledge in training, consultancy and policy formulation.

**6 Dr. Maurice Khayota (58 years)**

**Director- Embu Campus**

Dr. Maurice Khayota holds a doctor of Philosophy (PhD) in management from Kurukshetra University and a Master of Business Administration from Kurushetra. He also has a Master of Marketing and Management from Podichery University and a Bachelor of Arts. He has a experience in research and consultancy as well as proposal writing and publication of books

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## DIRECTORS/ SENIOR MANAGEMENT'S PROFILE

**7 Njambi Muchane (53 years)**

**Director - e-Learning and Development (eLDi)**

She holds a Master of Science in Entrepreneurship from Jomo Kenyatta University and a Bachelor of Arts from York University, Toronto Canada. She has experience in marketing, training and consultancy.

**8 Dr. Nura Mohamed (41 years)**

**Director - Nairobi Campus**

Dr. Nura holds a doctor of Philosophy in Financial Economics from Central University of Finance and Economics. He also holds a Master of Business Administration (MBA) in Finance from Nairobi University and a Bachelor of Commerce in Finance from Nairobi University. He has experience in research, review of training material and curricula.



# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## MANAGEMENT



Mr. Osman Ibrahim, OGW



Mr. Isaac Chebon



Mr. Jeremiah Nyaberi



Mrs. Njambi Muchane



Mr. Alfonso Munyali

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## COMMITTEES OF THE SCHOOL

- 1 Finance and General Purpose Committee
- 2 Learning and Development Committee
- 3 Audit and Risk Management Committee
- 4 Human Resource Committee
- 5 KSG Staff Retirement Benefits Scheme Trustees

# **KENYA SCHOOL OF GOVERNMENT**

**FOR THE YEAR ENDED 30 JUNE 2014**

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## **CORPORATE GOVERNANCE STATEMENT**

Kenya School of Government is committed to maintaining a high standard of corporate governance under the leadership of the Council Members. During the period under review, the Council members were twelve (12). The primary role of the Council Members is to provide effective leadership and direction to enhance the long term value of the School to its stakeholders.

The Council meets at least four times a year and has the overall responsibility for reviewing and approving strategic plan, annual budgets and financial performance reviews. In addition they are supposed to oversee the process for evaluating financial reporting and compliance.

The Council has delegated certain functions to council committees names, the Audit and risk management, Finance and General Purpose, Human Resource, Learning and development and ICT. Their reports are reported back to the Council with their decisions and recommendations since the ultimate responsibility lies with the Council.

There is a clear division of responsibilities between the Chairperson and the Director General. The primary roles of the Chairperson is to give leadership to the Council and provide oversight, guidance, advice and leadership to the Director General whereas the role of the Director General is to run the day to day business of the School as well as ensuring that policies, procedures and stragies are implemented.

# **KENYA SCHOOL OF GOVERNMENT**

**FOR THE YEAR ENDED 30 JUNE 2014**

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## **CORPORATE SOCIAL RESPONSIBILITIES**

Kenya School of Government is committed to support the communities in which we operate. During the year under review, we contributed to support various activities in form of cash and staff involvement. This includes participating in the Jose memorial Hemophilia Society Kenya walk held through Karura forest.

The School also donated food to the Turkana community affected by drought. This did cost the School Kshs. 100,000. The food stuff was handed over to the Red Cross society.

The School seedlings to the Lower Kabete Primary School during the School's tree planting day.



# **KENYA SCHOOL OF GOVERNMENT**

**FOR THE YEAR ENDED 30 JUNE 2014**

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## **1 INCORPORATION**

The Kenya School of Government (KSG) was established through Kenya School of Government Act of 2012 (Act) as a successor to the Kenya Institute of Administration (KIA) and the Kenya Development Learning Centre (KDLC) and the Government Training Institutes (GTIs) at Baringo, Embu, Matuga and Mombasa. The KSG Act came into effect on 1st July, 2012.

## **2 MANDATE**

The Kenya School of Government's principal activity is to provide learning and development programmes to build capacity for the Public Service.

Further, the School shall:

Facilitate the establishment of professional networks and think tanks to develop and grow Public Sector leaders

Monitor, evaluate and communicate the impact of strengthened education and training programmes for national leadership and management

Conduct examination and award diplomas and other suitable awards to successful candidates

## **VISION**

Excellence in public service capacity development

## **MISSION**

To contribute to the transformation of the public service by inculcating national values and development of core skills and competencies for quality service delivery

## **CORE VALUES**

Integrity

Customer Focus

Professionalism

Innovation and Creativity

Teamwork

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## CHAIRMAN'S REPORT

The School was established by the Kenya School of Government Act no. 9 of 2012 and is one of the flagship projects of Kenya Vision 2030 . The School's mandate is to provide learning and development programmes to build capacity for the Public Service. This is the second report since establishment of the School.

We have put governance structures in place during the year. The Council also appointed three senior managers namely the Director General, the Director Finance and Administration and the Director Academic Affairs to steer the implementation of the strategic plan and other policy framework documents of the School.

I am grateful to the Government for the continued support to the School especially during this transition period. During the year the School received grant in form of salaries of Kshs. 201 million for the staff of the former Government Training Institutes (GTIs) and development and recurrent grant of Kshs. 387 million.

I am also grateful to the Council, Management and staff for their exemplary work. Special thanks are extended to the course participants, their sponsors and Development Partners. I am very confident of the School's potential in discharging her mandate.



**Prof. Francis N. Kibera, PhD, CBS**  
**Chairman of the Council**

**Date**

22/6/2015

# KENYA SCHOOL OF GOVERNMENT

**FOR THE YEAR ENDED 30 JUNE 2014**

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## **DIRECTOR GENERAL'S REPORT**

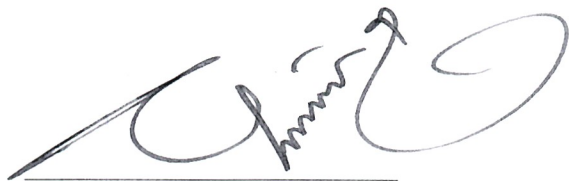
The School achieved revenue of Kshs. 1.5 billion against a target of Kshs.1.4 billion and a surplus of Kshs. 62 million during the year. The Management appreciates the financial support to the School by the Government where in the financial year 2013/2014, the School received Kshs. 201 million in form of salaries, recurrent grant of Kshs. 188 million and development grant of Kshs. 233 million.

In order to achieve its revenue target, several curricula were rolled out including capacity assessment and devolution to the counties. Governors and County Executives were trained in order to develop capacity in the counties. Further, diverse training programs have been rolled out in all the campuses to ensure accessibility to all public servants through out the contry.

A comprehensive review of all the courses has been initiated to ensure standardization and relevance to the clients' needs.

The School has several hostels with total bed capacity of 1,311 whose occupancy supplements the revenue of the School. Further, the school has seminar rooms and conference facilities which augments the main source of revenue of the school. Expansion and modernisation of training facilities is now the main focus of the school.

Management has invested in building a common culture through leadership development programmes, intercampus exchanges and integrated operating systems. We also rely substantially on internal capacity and prevailing goodwill of the staff to manage change.



**Dr.Ludeki Chweya, PhD, CBS**  
**Director General/CEO**

22/06/15

**Date**

# KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED 30 JUNE 2014

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## STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Kenya School of Government Act requires the Council to prepare financial statements for each financial year which include a statement of financial position showing in detail the assets and liabilities of the School, a statement of comprehensive income and such other statements that the Council may deem necessary.

It also requires the Council to ensure the School keeps proper books of account and other books and records in relation to the School and to all the undertakings, funds, investments, activities and property of the School. They are also responsible for safeguarding the assets of the School.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the Kenya School of Government Act. The Council is of the opinion that the financial statements give true and fair view of the state of financial affairs of the School and of its operating results. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in preparation of the financial statements, as well as adequate systems of internal financial control.

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



**Prof. Francis N. Kibera, PhD, CBS**  
**Chairman of the Council**

Date:

22/6/2015



**Dr. Ludeki Chweya, PhD, CBS**  
**Director General/CEO**

Date:

22/06/15



AUDITOR'S REPORT

AUDITOR'S REPORT

**KENYA SCHOOL OF GOVERNMENT**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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	Notes	2014 Kshs	2013 Kshs
Revenue from fees	6	998,252,158	971,595,706
Other Revenue	7	<u>474,202,060</u>	<u>559,376,840</u>
		<u>1,472,454,218</u>	<u>1,530,972,546</u>
Administrative Expenses	8	(805,096,477)	(946,590,316)
Other Expenses	9	(603,309,913)	(396,956,650)
Finance Costs (Bank charges)		<u>(1,776,004)</u>	<u>(2,387,817)</u>
		<u>(1,410,182,394)</u>	<u>(1,345,934,782)</u>
<b>Surplus</b>		<u><u>62,271,824</u></u>	<u><u>185,037,764</u></u>

# KENYA SCHOOL OF GOVERNMENT

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 Kshs	2013 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	10	5,750,445,035	3,311,934,110
Leasehold land	11	1,809,185,201	214,646,456
Investments	12	55,497,594	52,871,650
		<u>7,615,127,830</u>	<u>3,579,452,216</u>
<b>Current Assets</b>			
Inventory	13	23,724,726	18,751,845
Trade & Other Receivables	14	406,006,996	271,253,810
Cash and Cash Equivalent	15	708,635,779	335,342,664
		<u>1,138,367,501</u>	<u>625,348,319</u>
<b>Total Assets</b>		<u><u>8,753,495,331</u></u>	<u><u>4,204,800,535</u></u>
<b>ACCUMULATED FUNDS</b>			
Revaluation Reserves		4,539,728,060	360,308,824
Accumulated Surplus		1,197,914,112	1,135,642,288
Government Grant		2,521,808,180	2,296,194,489
<b>Total Accumulated Reserves</b>		<u>8,259,450,352</u>	<u>3,792,145,601</u>
<b>Current liabilities</b>			
Trade and Other Payables	16	494,044,979	412,654,934
<b>Total Accumulated Fund and Liabilities</b>		<u><u>8,753,495,331</u></u>	<u><u>4,204,800,535</u></u>

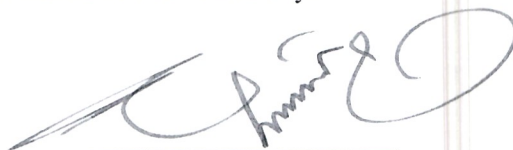
The financial statements on pages 17 to 37 are signed on behalf of the Council by:



Prof. Francis N. Kibera, PhD, CBS  
Chairman of the Council

Date:

22/6/2015



Dr. Ludeki Chweya, PhD, CBS  
Director General/CEO

Date:

22/06/15

**KENYA SCHOOL OF GOVERNMENT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Revaluation Reserves Kshs</b>	<b>Accumulated Surplus Kshs</b>	<b>Government Grant Kshs</b>	<b>Total Kshs</b>
<b>YEAR ENDED 30 JUNE 2013</b>				
As at 1 July 2012	360,308,824	889,826,958	125,697,394	1,375,833,176
Acquisition from former KDLC	-	60,777,566	-	60,777,566
Development Grant-Additions		-	2,178,210,848	2,178,210,848
Amortisation			(7,713,753)	(7,713,753)
Surplus for the year	-	185,037,764		185,037,764
<b>As at 30 June 2013</b>	<b>360,308,824</b>	<b>1,135,642,288</b>	<b>2,296,194,489</b>	<b>3,792,145,601</b>
<b>YEAR ENDED 30 JUNE 2014</b>				
As at 1 July 2013	360,308,824	1,135,642,288	2,296,194,489	3,792,145,601
Revaluation gains	4,179,419,236	-	-	4,179,419,236
Additions	-	-	233,432,722	233,432,722
Amortisation	-	-	(7,819,031)	(7,819,031)
Surplus for the year	-	62,271,824	-	62,271,824
<b>As at 30 June 2014</b>	<b>4,539,728,060</b>	<b>1,197,914,112</b>	<b>2,521,808,180</b>	<b>8,259,450,352</b>



**KENYA SCHOOL OF GOVERNMENT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 Kshs	2013 Kshs
<b>Cash flow from operating activities;</b>			
Operating (Deficit)/ Surplus		62,271,824	185,037,763
<i>Adjustments for:</i>			
Depreciation of Property, Plant & Equipment	10	166,532,296	77,791,620
Amortisation of prepaid operating rentals	11	21,974,799	2,575,758
Deferred income		(7,819,031)	(7,713,753)
Earnings from previous years acquired		-	60,777,567
Revaluation reserves		27,964,171	-
Revaluation loss		136,722,042	-
Gain on Disposal		-	(385,000)
Grant in kind		(250,000)	(1,027,230)
Interest Income		(21,630,847)	(14,959,188)
<b>Operating surplus before working capital changes</b>		<b>385,765,254</b>	<b>302,097,537</b>
Increase in inventories		(4,972,881)	(7,924,912)
(Increase)/ Decrease in trade & other receivables		(134,753,186)	(158,994,982)
Increase in trade & other payables		81,390,045	171,917,358
<b>Net cash (used)/generated from operating activities</b>		<b>327,429,232</b>	<b>307,095,001</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant & equipment		(135,402,792)	(496,961,912)
Proceeds from disposal of equipment		38,903	385,000
Interest Received		21,630,847	14,959,188
<b>Net cash used in investing activities</b>		<b>(113,733,042)</b>	<b>(481,617,724)</b>
<b>Cash flow from financing activities</b>			
Government grant-Development		159,596,925	277,596,348
<b>Net cash generated from financing activities</b>		<b>159,596,925</b>	<b>277,596,348</b>
Net increase/ (decrease) in cash and cash equivalent		373,293,115	103,073,625
Cash and cash equivalent at 1 July		335,342,664	232,269,038
<b>Cash and cash equivalent at 30 June</b>		<b>708,635,779</b>	<b>335,342,664</b>

# KENYA SCHOOL OF GOVERNMENT

## CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2014 Kshs.	Budget 2014 Kshs.	Performance difference 2014 Kshs.
<b>Revenue</b>			
Training & Accommodation	998,252,158	947,794,000	50,458,158
Recurrent government grant	400,902,591	400,902,591	-
Hire of Facilities	28,563,680	2,000,000	26,563,680
Interest Income	21,630,847	1,500,000	20,130,847
Miscellaneous receipts	14,575,840	2,656,000	11,919,840
Rent and Water	8,376,980	7,200,000	1,176,980
Sale on boarded items	152,122	400,000	(247,878)
<b>Total income</b>	<b>1,472,454,218</b>	<b>1,362,452,591</b>	<b>110,001,627</b>
<b>Expenses</b>			
Personnel emoluments	445,311,871	538,145,000	(92,833,129)
Catering expenses	211,072,852	175,906,000	35,166,852
Council expenses	7,423,310	14,460,000	(7,036,690)
Field study trips	2,871,980	100,000	2,771,980
Gas and fuel expenses	18,130,718	14,576,000	3,554,718
Hire of accommodation services	21,448,053	2,000,000	19,448,053
Hire of transport	2,872,728	1,755,000	1,117,728
Resource persons fees	34,827,961	21,550,000	13,277,961
Staff medical expenses	20,125,304	17,700,000	2,425,304
Staff training expenses	7,246,252	16,098,000	(8,851,748)
Stationery-participant	16,569,990	11,670,000	4,899,990
Stationery-staff	13,463,577	6,048,000	7,415,577
Advertising & publicity	8,222,934	2,500,000	5,722,934
Amortisation-Land	21,974,799	2,576,000	19,398,799
Cleaning & sanitation expenses	43,309,766	8,315,000	34,994,766
Depreciation	166,532,296	62,337,000	104,195,296
Revaluation loss	136,722,042	-	136,722,042
Electricity	27,944,950	28,165,000	(220,050)
Entertainment expenses	427,155	850,000	(422,845)
Travelling & accommodation	49,587,982	34,410,000	15,177,982
Flowers & decorations	2,143,449	3,000,000	(856,551)
Hire of consultancy	14,551,021	13,136,000	1,415,021
ICT expense	14,396,378	27,244,000	(12,847,622)
Increase in general provision for bad debts	6,539,642	500,000	6,039,642
Insurance	5,986,944	6,200,000	(213,056)
Laundry expenses	723,010	500,000	223,010
Maintenance of building, stations & security	20,520,097	46,316,000	(25,795,903)
Maintenance of plant and equipment	4,510,826	8,640,000	(4,129,174)
Marketing expenses	3,876,220	5,732,000	(1,855,780)

**KENYA SCHOOL OF GOVERNMENT**  
**CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED 30 JUNE 2014**

Miscellaneous expenses	6,802,062	11,964,000	(5,161,938)
Motor vehicle maintenace	3,878,981	5,115,000	(1,236,019)
Other expenses	7,985,781	5,465,000	2,520,781
Printing and publishing	1,363,318	3,775,000	(2,411,682)
Research Expenses	7,014,606	1,450,000	5,564,606
Telephone & fax	5,012,019	3,550,000	1,462,019
Transport expenses	3,905,260	2,400,000	1,505,260
Uniform & clothing	1,386,005	2,150,000	(763,995)
Wages for temporary staff	32,651,937	7,750,000	24,901,937
Water and conservacy	9,072,314	3,533,000	5,539,314
Bank charges	1,776,004	1,588,000	188,004
<b>Total Expenditure</b>	<b>1,410,182,394</b>	<b>1,119,169,000</b>	<b>291,013,394</b>
<b>Surplus for the year</b>	<b>62,271,824</b>	<b>243,283,591</b>	<b>(181,011,767)</b>

# KENYA SCHOOL OF GOVERNMENT

## NOTES TO THE BUDGET

FOR THE YEAR ENDED 30 JUNE 2014

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- 1 The Kenya School of Government presents its approved budget and the financial statements on accrual basis
- 2 The excess of actual expenditure over budget is mainly attributed by following:
  - a. **Catering expenses**  
The amount exceeded the budget due to inflation as well as increase in business.
  - b. **Field study trips**  
This is an expense funded by the Government through grants.
  - c. **Gas and fuel expenses**  
The actual amount surpassed the budget due to increase in cooking gas cost as well as increase in business.
  - d. **Resource persons**  
The cost increased due to outsourcing more lecturers on part time basis attributed by shortage of staff and increase in courses during the year.
  - e. **Staff medical expense**  
The expenses increased attributed by payment introduction of VAT in almost all services as well as inflation.
  - f. **Stationery**  
Increase in activities both training and conference led to increase in stationery costs.
  - g. **Advertising and Publicity**  
  
The cost increased due to advertisement of the Directors and the Director General's position.
  - h. **Amortisation, depreciation and revaluation loss**  
The variance between the actual versus the budget was attributed by revaluation of assets during the year.
  - i. **Travel and accomodation**  
The cost increased against the budget attributed by travel costs from one campus to another for purposes of integration of the Campuses activities.
  - j. **Wages for temporary staff**  
The variance was attributed by shortage of staff. Further, the increase in activities especially workshops and conferences led to increase in sourcing of casuals.



# KENYA SCHOOL OF GOVERNMENT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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### 1 Summary of significant accounting policy

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

#### a. Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Public Sector Accounting Standards (IPSAs). They are presented in Kenya Shillings, which is also the functional currency. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the School. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

#### b. Translation of foreign currency

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the School operates), which is Kenya Shillings. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

#### c. Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the School's activities. It is recognised when it is probable that future economic benefits will flow to the School and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts.

Sale of goods are recognised upon the delivery of the product and customer acceptance, while sale of services are recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Interest income is recognised in the period in which interest is earned and measured using the effective interest method.



# KENYA SCHOOL OF GOVERNMENT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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### d. Financial instruments

#### *Held to maturity investments*

Comprise of non-derivative financial assets with fixed or determinable payments that the School has a positive intention and ability to hold to maturity.

Financial instruments held during the year were classified as follows:

- i.) Demand and term deposits with banking institutions and trade and other receivables were classified as receivables
- ii.) Trade and other liabilities were classified as financial liabilities.

### e. Inventories

Inventories are stated at the lower of cost and net realisable value on a weighted average method.

### f. Property, plant & equipment

Property, Plant and Equipment are stated at cost or valuation, less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition of the assets.

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the assets to their estimated residual values over their estimated useful lives as follows:

	<b>Rate</b>
Buildings	2.00%
Plant & equipment	12.50%
Furniture & fittings	12.50%
Linen & beddings	12.50%
Motor vehicles	25.00%
Computers	30.00%
Library books	5.00%
Leasehold land	Over the period of the lease
Freehold land	Nil

Gains and losses on disposal of property, plant and equipment are included in the profit and loss account. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

### g. Computer Software and Development Costs

Generally, costs associated with computers software programmes are recognized as expenses in the period in which they are incurred.

However, costs that is clearly associated with an identifiable product, which is controllable by the School and has a definite benefit exceeding the cost beyond one year, is recognized as an intangible asset.

# KENYA SCHOOL OF GOVERNMENT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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### **h. Retirement Benefit**

The School operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. The scheme is funded by contributions from both the employees at 7.5% and employer at a rate of 15% of employees basic pay respectively. The School's contributions are charged to the income statement in the year to which they relate.

The School and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are charged to profit and loss account in the year to which they relate.

### **i. Receivables**

The receivables are stated at original invoiced amounts less an estimate made for doubtful receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of year.

### **j. Provision for Doubtful Debts**

General provision is made in respect of outstanding revenue where payment is considered doubtful. General provision for bad debts is calculated at the rate of 11% of trade debtors.

### **k. Cash and Cash Equivalent**

For the purposes of the cash flow statement cash and cash equivalents comprise cash in hand, deposits in banks, short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of less than one year is normally classified as being short term.

### **l. Operating Leases**

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/ received under operating leases are charged/ credited to the profit and loss account on a straight line basis over the lease period.

### **m Budget Information**

The annual budget is prepared on the accrual basis. Explanatory notes are provided in the notes to the annual financial statements

## **2 Significant accounting estimates, judgements and assumptions**

The judgement made by the council members in the process of applying the School accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

~ Whether the School has the ability to hold 'held-to maturity' investments until they mature. If the School was to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

# KENYA SCHOOL OF GOVERNMENT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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### 3 Financial risk management

The School's activities expose it to a variety of financial risks including credit, liquidity and market risks. The School's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the School's performance by setting acceptable levels of risk.

#### i. Credit Risk

Credit risk is the risk to financial loss to the School if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk mainly arises from customers and investment securities.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account past experience and other relevant factors. The management monitors credit on a monthly basis.

The amount that best represents the School's credit risk as at 30 June 2014 is made up as follows:

	2014	2013
	Kshs	Kshs
Cash and cash equivalents	708,635,779	335,342,664
Receivables	406,006,996	271,253,810
	<u>1,114,642,775</u>	<u>606,596,474</u>

The School does not hold any collateral against the past due receivables.

#### ii. Liquidity risk

Liquidity risk is the risk that the School will encounter difficulty in meeting obligations associated with financial liabilities. The School manages liquidity risk by continuously reviewing forecasts and actual cash flows.

The table below analyses the School's financial liabilities at the balance sheet date. The amounts disclosed below are the expected undiscounted cash flows:

	2014	2013
	Kshs	Kshs
Trade and other payables	<u>494,044,979</u>	<u>412,654,934</u>

#### iii. Market risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates.

**KENYA SCHOOL OF GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**4 Government Grant**

- i.) GoK grant received within the year related to income is recognized as other income to match with operations and maintenance costs.
- ii.) GoK grant received within the year related to grant asset is treated as deferred income and is recognised as income over the useful life of the asset.
- iii) There are no unfulfilled conditions or any other contingencies attached to Development grant that has been recognized.
- iv) GoK grant was accounted in a systematic basis over the period in which the Institute recognises the expense in accordance with the Accounting Standards.

**5 Revaluation**

The asset valuation for the School was carried out in the year 2013/2014 by an independent valuer and the report adopted by the Council on 24th June 2014. The revalued amount is incorporated in the financial statements.

	2014 Kshs	2013 Kshs
<b>6 Revenue</b>		
Training	595,456,273	615,628,037
Accommodation	245,552,327	214,837,319
Consultancy	33,534,731	68,176,807
Hire of Conference centre	123,708,827	72,953,543
	<u>998,252,158</u>	<u>971,595,706</u>
<b>7 Other operating income</b>		
Decrease in provision for bad debts	-	2,758,849
Deferred income	7,819,031	7,713,753
Foreign Exchange Gain	484,970	-
Gain on disposal of fixed assets	38,903	385,000
Hire of Facilities	28,563,680	896,000
Interest Income	21,630,847	14,959,188
Miscellaneous receipts	6,232,936	7,879,496
Recurrent government grant	400,902,591	516,583,896
Rent and Water	8,376,980	8,200,658
Sale on boarded items	152,122	-
	<u>474,202,060</u>	<u>559,376,840</u>



# KENYA SCHOOL OF GOVERNMENT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	Kshs	Kshs
<b>8 Administrative Expenses</b>		
Personnel emoluments	445,311,871	451,149,625
Catering expenses	211,072,852	297,210,167
Council expenses	7,423,310	6,579,806
Educational Aids equipment	-	231,338
Field study trips	2,871,980	3,640,000
Gas and fuel expenses	18,130,718	18,278,781
Hire of accomodation services	21,448,053	5,690,122
Hire of equipment	-	970,000
Hire of transport	2,872,728	3,953,271
Resource persons fees	34,827,961	76,043,932
Security services	3,731,881	5,202,741
Staff medical expenses	20,125,304	14,000,880
Staff training expenses	7,246,252	22,879,144
Stationery-participant	16,569,990	17,619,996
Stationery-staff	13,463,577	11,672,223
A-I-A expenditure	-	11,468,290
	<u>805,096,477</u>	<u>946,590,316</u>



**KENYA SCHOOL OF GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	Kshs	Kshs
<b>9 Other Operating Expenses</b>		
Advertising & publicity	8,222,934	1,755,476
Amortisation-Land	21,974,799	2,575,758
Cleaning & sanitation expenses	43,309,766	29,818,901
Depreciation	166,532,296	77,791,620
Revaluation loss	136,722,042	-
Electricity	27,944,950	30,344,444
Entertainment expenses	427,155	9,236,374
Travelling & accomodation	49,587,982	76,002,882
Flowers & decorations	2,143,449	3,587,003
Hire of consultancy	14,551,021	14,993,462
ICT expense	14,396,378	13,686,536
Increase in general provision for bad debts	6,539,642	-
Insurance	5,986,944	5,318,326
Kitchen utensils	1,660,924	2,187,790
Laundry expenses	723,010	5,131,908
Maintenance of building & stations	16,788,216	24,055,183
Maintenance of plant and equipment	2,849,902	11,364,723
Marketing expenses	3,876,220	3,032,246
Miscellaneous expenses	6,802,062	4,300,537
Motor vehicle maintenace	3,878,981	7,634,588
Other expenses	7,985,781	6,264,849
Printing and publishing	1,363,318	1,625,171
Research Expenses	7,014,606	5,280,709
Telephone & fax	5,012,019	7,640,048
Transport expenses	3,905,260	14,826,151
Uniform & clothing	1,386,005	2,695,567
Wages for temporary staff	32,651,937	23,184,732
Water and conservacy	9,072,314	12,621,666
	<u>603,309,913</u>	<u>396,956,650</u>

**KENYA SCHOOL OF GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

<b>10a. Property, plant &amp; Equipment</b>											
<b>2013</b>	<b>Land Kshs</b>	<b>Buildings Kshs</b>	<b>Work in progress Kshs</b>	<b>Plant &amp; equipment Kshs</b>	<b>Office equipment Kshs</b>	<b>Motor vehicles Kshs</b>	<b>Furniture &amp; fittings Kshs</b>	<b>Linen &amp; beddings Kshs</b>	<b>Computers &amp; networking Kshs</b>	<b>Library books Kshs</b>	<b>Total Kshs</b>
<b>Cost/Valuation</b>											
At 1 July 2012	-	643,146,669	356,028,822	36,561,161	12,639,015	33,726,445	20,558,131	1,547,010	34,879,369	3,337,742	1,142,424,364
Acquisition	1,001,700,000	486,324,450	258,460,600	75,672,428	1,511,040	13,678,164	49,273,405	-	13,994,414	-	1,900,614,501
Additions		121,329,580	258,231,942	22,122,215	580,459	3,100,000	15,726,373	18,360,419	35,949,129	22,589,027	497,989,144
Transfer from W-I-P		2,000,950	(2,000,950)								-
Disposals		-	-	-	-	(2,087,000)	-	-	-	-	(2,087,000)
<b>At 30 June 2013</b>	<b>1,001,700,000</b>	<b>1,252,801,649</b>	<b>870,720,414</b>	<b>134,355,804</b>	<b>14,730,514</b>	<b>48,417,609</b>	<b>85,557,909</b>	<b>19,907,429</b>	<b>84,822,912</b>	<b>25,926,769</b>	<b>3,538,941,009</b>
<b>Depreciation</b>											
At 1 July 2012		61,780,922	-	15,751,622	9,910,278	30,430,194	7,606,498	267,400	23,261,269	2,294,096	151,302,279
Disposals						(2,087,000)					(2,087,000)
Charge for the year		25,056,028		16,453,213	1,936,158	5,293,291	9,431,923	1,230,931	17,247,057	1,143,019	77,791,620
<b>At 30 June 2013</b>	<b>-</b>	<b>86,836,950</b>	<b>-</b>	<b>32,204,835</b>	<b>11,846,436</b>	<b>33,636,485</b>	<b>17,038,421</b>	<b>1,498,331</b>	<b>40,508,326</b>	<b>3,437,115</b>	<b>227,006,899</b>
<b>Net book value</b>											
<b>At 30th June 2013</b>	<b>1,001,700,000</b>	<b>1,165,964,699</b>	<b>870,720,414</b>	<b>102,150,969</b>	<b>2,884,078</b>	<b>14,781,124</b>	<b>68,519,488</b>	<b>18,409,098</b>	<b>44,314,586</b>	<b>22,489,654</b>	<b>3,311,934,110</b>

**KENYA SCHOOL OF GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

<b>10b. Property, plant &amp; Equipment</b>											
	<b>Land Kshs</b>	<b>Buildings Kshs</b>	<b>Work in progress Kshs</b>	<b>Plant &amp; equipment Kshs</b>	<b>Office equipment Kshs</b>	<b>Motor vehicles Kshs</b>	<b>Furniture &amp; fittings Kshs</b>	<b>Linen &amp; beddings Kshs</b>	<b>Computers &amp; networking Kshs</b>	<b>Library Kshs</b>	<b>Total Kshs</b>
<b>Cost/Valuation</b>											
At 1 July 2013	1,001,700,000	1,252,801,649	870,720,414	134,355,804	14,730,514	48,417,609	85,557,909	19,907,429	84,822,912	25,926,769	3,538,941,009
Revaluation	125,650,000	2,031,625,979	22,232,023	(25,976,324)	30,063,046	522,392	42,157,816	13,692,028	6,353,685	-	2,246,320,645
Additions		36,881,165	53,815,017	12,790,804	1,926,458	110,000	6,284,964	2,329,019	19,609,324	1,406,041	135,152,792
Transfer from W-I-P		552,327,760	(552,327,760)	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-	(38,903)	(38,903)
<b>At 30 June 2014</b>	<b>1,127,350,000</b>	<b>3,873,636,553</b>	<b>394,439,694</b>	<b>121,170,284</b>	<b>46,720,018</b>	<b>49,030,001</b>	<b>134,000,689</b>	<b>35,928,476</b>	<b>110,785,921</b>	<b>27,293,907</b>	<b>5,920,375,543</b>
<b>Depreciation</b>											
At 1 July 2013	-	86,836,950	-	32,204,835	11,846,436	33,636,485	17,038,421	1,498,331	40,508,326	3,437,115	227,006,899
Revaluation		(86,836,950)		(32,204,835)	(11,846,436)	(33,636,485)	(17,038,421)	(1,498,331)	(40,508,326)	-	(223,569,784)
Disposals										(38,903)	(38,903)
Charge for the year		77,472,725		15,115,477	5,840,002	12,262,500	16,750,088	4,491,059	33,235,776	1,364,669	166,532,296
<b>At 30 June 2014</b>	<b>-</b>	<b>77,472,725</b>	<b>-</b>	<b>15,115,477</b>	<b>5,840,002</b>	<b>12,262,500</b>	<b>16,750,088</b>	<b>4,491,059</b>	<b>33,235,776</b>	<b>4,762,881</b>	<b>169,930,508</b>
<b>Net book value</b>											
<b>At 30th June 2014</b>	<b>1,127,350,000</b>	<b>3,796,163,828</b>	<b>394,439,694</b>	<b>106,054,807</b>	<b>40,880,016</b>	<b>36,787,501</b>	<b>117,250,601</b>	<b>31,437,417</b>	<b>77,550,145</b>	<b>22,531,026</b>	<b>5,750,445,035</b>
<b>At 30th June 2013</b>	<b>1,001,700,000</b>	<b>1,165,964,699</b>	<b>870,720,414</b>	<b>102,150,969</b>	<b>2,884,078</b>	<b>14,781,124</b>	<b>68,519,488</b>	<b>18,409,098</b>	<b>44,314,586</b>	<b>22,489,654</b>	<b>3,311,934,110</b>

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	2014 Kshs	2013 Kshs
<b>11 Leaschold land</b>		
At 1 July	214,646,456	217,222,214
Revaluation	1,576,160,000	-
Add back amortisation for prior years on revaluation	40,353,544	-
Amotisation charge for the year	<u>(21,974,799)</u>	<u>(2,575,758)</u>
At 30th June	<u><u>1,809,185,201</u></u>	<u><u>214,646,456</u></u>
<p>The School holds a piece of land L.R. 23160, 28.91 ha, for a term of 99 years starting from 1/11/1997.</p>		
<b>12 Investment</b>		
Treasury bond-9 years @6% P.a-Face value Kshs. 55M	48,377,700	48,377,700
Treasury bond-30 years @12% P.a-Face value Kshs.5M	4,493,950	4,493,950
Amortisation	<u>2,625,944</u>	-
At 30th June	<u><u>55,497,594</u></u>	<u><u>52,871,650</u></u>
<b>b. Interest is received semi annually</b>		
<b>13 Inventories</b>		
Inventories	18,794,328	13,821,447
Bookshop books	<u>4,930,398</u>	<u>4,930,398</u>
	<u><u>23,724,726</u></u>	<u><u>18,751,845</u></u>
<b>14 Trade and other receivables</b>		
Trade debtors	417,637,960	264,491,746
Provision for bad debts	<u>(17,053,784)</u>	<u>(10,514,143)</u>
	400,584,176	253,977,603
Staff debtors	-	6,757,219
Other receivables	<u>5,422,820</u>	<u>10,518,988</u>
	<u><u>406,006,996</u></u>	<u><u>271,253,810</u></u>

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	2014 Kshs	2013 Kshs
<b>15 Cash and cash equivalent</b>		
Cash on hand	1,118,889	589,557
<b><u>Cash at bank</u></b>		
Kenya Commercial Bank	312,658,198	214,492,943
Central Bank of Kenya-Mombasa	-	8,003,024
National Bank of Kenya	3,302	9,851
Fixed deposits-short term	214,855,392	112,247,289
Call deposits	180,000,000	-
	<u>708,635,781</u>	<u>335,342,664</u>
<b>16 Trade and other payables</b>		
Trade and other payables	208,801,682	232,897,292
Retentions	52,857,872	40,848,538
Advance receipts	157,950,404	112,093,233
Audit fees	900,000	800,000
VAT	49,782,436	23,268,822
Deposits	23,752,585	2,747,049
	<u>494,044,979</u>	<u>412,654,934</u>

**17 Contingent liabilities**

- i. Julie Nyawira Mathenge sued the Institute over Plot Nos. 11509-11514 Lower Kabete Nairobi. She was allegedly allocated the said plots which stand on the School's plot. She filed a court case HCC No. 679 of 2006 at high court. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The School has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the titles revert back to Kenya School of Government.
- ii. Mr. John Kiguru Karume has sued the Institute claiming plot numbers 11512, 11513 and 11514 at the KSG shopping centre and partly inside KSG compound. He filed a court case HCCC ELC 80 of 2009. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The School has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the Titles revert to KSG.
- iii. Mr. Keffa N. Mwithaga sued the Institute alleging wrongful dismissal. He filed a Case No. HCCC 314 of 2007 in the High Court. Mr. Mwithaga revised his plaintiff to include notice for termination of service, un paid leave and pending honoraria payment amounting to Ksh.607,000. The plaintiff was allowed by the Judge and will proceed to final hearing.
- iv. Mr. Bishar Aden Sanweini a former KIA employee whose services were terminated took the School to court claiming wrongful dismissal. The case was dismissed at the commercial court due to lack of representation and frequent absenteeism by the Advocate representing the plaintiff. However the Complainant has sued the School at the Industrial Court.

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iv. Grace Bosibori was a former employee of KIA currently known as Kenya School of Government, whose services were terminated as she failed to return to work after expiry of her unpaid leave. She took the School to court claiming wrongful dismissal and is currently seeking Kshs. 16Million as compensation.

v. A section of Annex Plot No. M1/XXVI/234 for Mombasa Campus was grabbed by private developers whose case HCC MBA No. 323 of 2009 and HCC No. 94 of 2012 are still pending in court. The block was illegally and irregularly subdivided into pieces 951, 1059, 1060, 1083 and 1084 without the School's consent and allocated as follows:-

(a) Parcels XXVI/951 and 1059 were allocated to Messrs Mohamed Baker, Hassan Ali and Hassanali Yusufali and MECAP Company. In 2009 MECAP Company filed a case in the High Court of Mombasa i.e. HCCC No.323 of 2009 against the Attorney General and the Ministry of State for Public Service. A witness statement has since been prepared by the Legal Officer in the Ministry and presented to the State Law Office.

(b) Parcel XXVI/1084 was allocated to Mary Wambui and Peter Rono in June 1997 trading as Mapasro Enterprises Limited, for a term of 99 years. Later in the same year, the allottees sold the plot to Kalliste Limited. In 2012, Kalliste filed a civil suit No. 94 of 2012 at the High Court of Mombasa suing the Attorney General and Tulsi Construction. Tulsi Construction has been contracted by the School to build the Ultra-Modern Complex. A witness statement by the Legal Officer in the Ministry has been written and presented to the State Law Office.

(c) Parcels LR. M1/XXVI/951, M1/XXVI/1059 and M1/XXVI/1084 were revoked by the Ministry of Lands via Gazette Notice of 27<sup>th</sup> April, 2012.

Although there can be no assurances on the above litigations, the School believes, based on the information currently available, that the ultimate resolution of these legal proceedings would not likely have material effect on the results of its operations, financial position or liquidity.