

REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

PARLIAMENT  
OF KENYA  
LIBRARY

*Paper Laid*  
*By Hon. A. Dvake (COM)*  
*on Wed. 19.08.2015 (PR)*  
*KMN*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

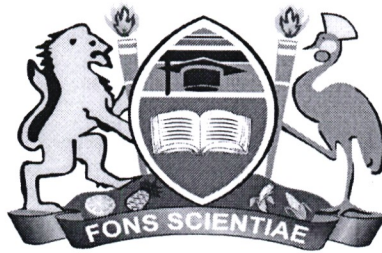
**ON**

**THE FINANCIAL STATEMENTS OF  
KISII UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE 2014**







# KISII UNIVERSITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2014**

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

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## **I KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Back Ground Information**

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012.

### **(b) Principal Activity**

(i) The university's core activity is to provide quality university education and to conduct research.

#### **(ii) Vision**

To be a world class university in advancement of Academic Excellence, Research and Social welfare.

#### **(iii) Mission**

To train high level human resource that meets the development needs of the country and International labour market, sustain production of quality and relevant research and consultancy; disseminate knowledge, skills, values and competencies for the advancement of humanity.

### **(c) Registered Office and Principal Place Of Business**

Kisii University  
Along Kisii-Kilgoris Road  
P.O. Box 408 - 40200  
Kisii, Kenya.

### **(d) University Contacts**

Kisii University  
P.o. Box 408- 40200  
Kisii, Kenya.  
Tel.058-30826  
Website: [www.kisiiuniversity.ac.ke](http://www.kisiiuniversity.ac.ke)  
Email: [info@kisiiuniversity.ac.ke](mailto:info@kisiiuniversity.ac.ke)

**(e) University Bankers**

- (i) National Bank of Kenya  
P.O. Box 2435-40200  
Kisii .
  
- (ii) Kenya Commercial Bank  
P.O. Box 476-40200  
Kisii .
  
- (iii) Co-operative Bank of Kenya  
P.O. Box 2469-40200  
Kisii .

**(f) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084- 00100  
Nairobi, Kenya

**(g) Lawyers/Advocates**

A.K. Nyairo Advocates  
P.O. Box 1051  
Eldoret.

## **II. CORE BUSINESS OF THE UNIVERSITY**

The Core business of the University as provided by Kisii University Charter and the University's Act no 42 of 2012 include:

- Provision directly or in collaboration with other institutions of higher learning, facilities for University Education (including technological, scientific and professional education), the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- Participation in the discovery, transmission and preservation and enhancement of knowledge and stimulating the intellectual participation of students in economic, social, cultural, scientific and technological development in Kenya;
- Provision and advancement of university education and training of appropriately qualified candidates leading to conferment of degrees and award of diplomas, and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing contribute to manpower needs.
- Conducting the examinations for such academic awards as may be provided in the statutes pertaining to the University, examining and making proposals for new Faculties, Schools, Institutes, Departments, Resources and Research centres, degree courses and subjects of study.

### III. UNIVERSITY COUNCIL MEMBERS

|                        |   |
|------------------------|---|
| <b>Chairperson</b>     | Dr. Eng. Sebastian Mwarania   |
| <b>Vice Chancellor</b> | Prof. John S. Akama   |
| <b>Members</b>         | Prof. Mary Getui, MBS<br>Member   |
|                        | Mr. Nimrod Waweru<br>REP.PS. National Treasury                            |
|                        | Mr. James Kiburi<br>REP.PS. Ministry of Education Science &<br>Technology |
|                        | Mr. Joseph Ndubi Kesa, HSC<br>Member                                      |
|                        | Mr. Abdulhamid A. Saleh Said<br>Member                                    |
|                        | Ms. Sonje Angeline Wawuda<br>Member                                       |

### IV. UNIVERSITY MANAGEMENT TEAM

|   |                                |
|---|--------------------------------|
| Vice Chancellor                                 | Prof. John S. Akama            |
| D.V.C (Administration,<br>Planning And Finance) | Prof. Joseph T. Mailutha       |
| D.V.C (Academic And Student<br>Affairs)         | Prof. Maurice Nyamanga Amutabi |
| Registrar Academic Affairs                      | Prof. Philip Owino             |
| Director Research And<br>Extension              | Prof. Anakalo Shitandi         |
| Registrar Administration                        | Mr. Christopher Nyenze         |
| Ag. Finance Officer                             | Mr. Johnson M. Mwaura          |



## **V STATEMENT FROM THE CHAIRMAN OF THE COUNCIL**

The University Council was constituted by his Excellency the President of the Republic of Kenya on 4<sup>th</sup> February 2013. The mandate of the Council amongst other responsibilities is to give policy guidelines in order to ensure the smooth operations of university activities.

It is my pleasure to note that the staff members of this University, under the able leadership of the Vice Chancellor, had worked hard during the last financial year towards attaining this objective.

During this period the University has been able to recruit teaching staff from as low as 7 staff members about four years ago to the current number of 165. The student population has also increased from 300 in the year 2007/2008 financial year to the current level of 10,800 students.

Finally, I wish to thank the Government of the Republic of Kenya for the financial support and other procedural guidelines extended to the University. Through this support, the University has been able to construct and complete an ultra Modern Library with sitting capacity of about 3,500 students, two hostels with a capacity of 400 students and one administration block in addition to the other projects which are under construction namely lecture theatres, ICT Center, and Hostels.



Dr. Eng. Sebastian Mwarania.

## **VI. STATEMENT FROM THE VICE CHANCELLOR.**

I have the pleasure to present the Annual Report and Financial Statements of Kisii University for the year ended 30<sup>th</sup> June, 2014

During the year under review the University realized a surplus of Kshs. 22,806,000 as compared to a surplus of Kshs. 28,896,000 for the year ended 30<sup>th</sup> June, 2013. The reduction in surplus is attributed to use of more funds in the physical expansion which took place during the year, resulting in opening of new campuses in Eldoret, Nairobi, Kitale, Kisumu and Kabarnet.

The University intensified income generating activities especially the self sponsored programmes. This resulted in an increase in tuition fee collected from Kshs.672,553,000 in the year 2012/2013 to Kshs. 870,165,000 during the year 2013/2014.

The University continued with its Core business of teaching, training and Research. The students total population rose from 7,500 to 10,800 during the year under review.

On behalf of Kisii University I wish to take this opportunity to thank the Government for financial support accorded to the university.

Finally, I would like to express my thanks to the University Council for providing policy guidelines and the entire University community for working tirelessly to ensure successful and smooth operations of the University.



Prof. John S. Akama

## **VII STATEMENT OF COUNCIL MEMBER'S RESPONSIBILITIES**

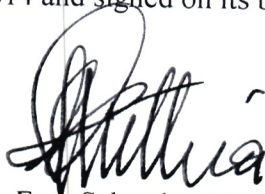
The Public Financial Management Act of 2012, Kisii University Charter of 2013 and the universities' Act No 42 of 2012 requires the university council to prepare Financial Statements of Kisii University which give a True and Fair view of the state of affairs of the university as at the end of the financial year and the operating results of the university for the year. The Council members are also required to ensure that the university keeps proper accounting records which disclose with reasonable accuracy the financial position of the university. The council members are also responsible for safeguarding the assets of the university.

The Council members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner provided by the public PFM Act of 2012 and the Universities' Act of 2012. The Council members are of the opinion that the financial statements give a true and fair view of the state of university's transactions during the financial year ended on 30<sup>th</sup> June 2014, and the university's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the university, which have been relied upon in the preparation of the financial statements, as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

The university's financial statement were approved by the council on 19<sup>th</sup> Sept 2014 and signed on its behalf by:



Dr. Eng. Sebastian Mwarania

**Chairman of the Council**



Prof. John S. Akama

**Vice Chancellor**

# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KISII UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kisii University set out on pages 1 to 16, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amount for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

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

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

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya, 2010. The audit was conducted in accordance with International Standards on 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 University'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. Financial Position**

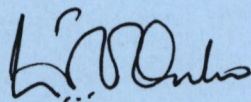
As similarly reported in the previous year, the University's current liabilities totalling to Kshs 505,182,000 as at 30 June 2014 exceeded the current assets of Kshs.298,350,000 as at the same date resulting to a negative working capital of Kshs.206,832,000 (2013: Kshs.263,985,000). The University is therefore technically insolvent and its continued operation as a going concern is dependent on the financial support from the Government and creditors.

#### **2. Land**

The property, plant and equipment balance of Kshs.2,070,877,000 includes freehold land valued at Kshs.94,350,000. The land balance only includes four (4) pieces of land owned by the University. However, there are five (5) other parcels of land that had been donated to the University by various defunct Local Authorities whose titles and ownership have not been transferred to the University. The five parcels of land have not been included in the land balance as at 30 June 2014 pending the confirmation and conclusion of the transfer process.

### **Qualified Opinion**

In my opinion, except for the effect the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (accrual basis) and comply with the Universities Act, 2012.



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

**Nairobi**

**19 May 2015**

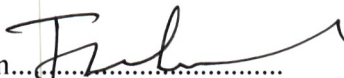
**IX STATEMENT OF FINANCIAL POSITION**As at 30<sup>th</sup> June 2014

|   | Note | 2013-2014<br>Kshs '000  | 2012-2013<br>Kshs '000  |
|---|------|-------------------------|-------------------------|
| <b>Assets</b>                                       |      |                         |                         |
| <b>Non-current assets</b>                           |      |                         |                         |
| Property, plant and equipment                       | 15   | 2,070,877               | 1,994,511               |
| Biological assets                                   | 16   | 922                     | 907                     |
|   |      | <b><u>2,071,799</u></b> | <b><u>1,995,418</u></b> |
| <b>Current assets</b>                               |      |                         |                         |
| Cash and cash equivalents                           | 12   | 59,867                  | 13,717                  |
| Receivables from exchange transactions              | 13   | 232,651                 | 290,240                 |
| Inventories   | 14   | 5,832                   | 4,841                   |
|   |      | <b><u>298,350</u></b>   | <b><u>308,798</u></b>   |
| <b>Total assets</b>                                 |      | <b><u>2,370,149</u></b> | <b><u>2,304,216</u></b> |
| <b>Liabilities</b>                                  |      |                         |                         |
| <b>Current liabilities</b>                          |      |                         |                         |
| Trade and other payables from exchange transactions | 17   | 498,102                 | 570,578                 |
| Provisions  | 11   | 7,080                   | 2,205                   |
| <b>Total liabilities</b>                            |      | <b><u>505,182</u></b>   | <b><u>572,783</u></b>   |
| <b>Total Net Assets</b>                             |      | <b><u>1,864,967</u></b> | <b><u>1,731,433</u></b> |
| <b>Financed By</b>                                  |      |                         |                         |
| Capital Development                                 |      | 1,571,183               | 1,460,455               |
| Accumulated surplus                                 |      | 293,784                 | 270,978                 |
| <b>Total Net Assets and Liabilities</b>             |      | <b><u>1,864,967</u></b> | <b><u>1,731,433</u></b> |

The Financial Statements set out on pages 1 to 4 were signed on behalf of the council by.

Vice Chancellor

Date... 8/5/2015

Sign... 

Chairman of the Council

Date... 8/05/2015

Sign... 

**X STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30<sup>th</sup> June 2014**

|   | Capital<br>Development<br>Funds | Accumulated<br>Surplus | Total                   |
|---|---------------------------------|------------------------|-------------------------|
|   | Kshs '000                       | Kshs '000              | Kshs '000               |
| <b>Balance as at 30 JUNE 2012</b>                 | 1,187,266                       | 242,083                | 1,429,349               |
| Capital Development funds from<br>the government. | 273,189                         |                        | 273,189                 |
| Surplus   | -                               | 28,895                 | 28,895                  |
| <b>Balance as at 30 JUNE 2013</b>                 | <b><u>1,460,455</u></b>         | <b><u>270,978</u></b>  | <b><u>1,731,433</u></b> |
| Capital Development funds from<br>the government. | 110,728                         |                        | 110,728                 |
| Surplus   |                                 | 22,806                 | 22,806                  |
| <b>Balance as at 30 JUNE 2014</b>                 | <b><u>1,571,183</u></b>         | <b><u>293,784</u></b>  | <b><u>1,864,967</u></b> |

**XI STATEMENT OF CASH FLOWS**For the year ended 30<sup>th</sup> June 2014

|   | Note | 2013-2014     | 2012-2013       |
|---|------|---------------|-----------------|
|   |      | Kshs '000     | Kshs '000       |
| <b>Surplus for the year</b>                                   |      | 22,806        | 28,896          |
| <b>Adjusted for:</b>  |      |               |                 |
| Increase in provision for Audit fee                           |      |               | 80              |
| Depreciation  |      | 23,716        | 21,057          |
| Provision   |      | 4,875         |                 |
| Gain on Disposal of Assets                                    |      |               | (895)           |
|   |      | 51,396        | 49,137          |
| <b>Changes in Working Capital</b>                             |      |               |                 |
| Increase In Biological assets                                 |      | (15)          | 2,078           |
| Increase in Inventories                                       |      | (991)         | 1,958           |
| Decrease in Receivables                                       |      | 57,589        | (90,584)        |
| Decrease in Payables  |      | (72,476)      | 116,785         |
| <b>Net cash flow from operating Activities</b>                |      | <b>35,503</b> | <b>79,374</b>   |
|   |      |               |                 |
| <b>Cash flows from investing activities</b>                   |      |               |                 |
| Purchase of Property, plant and equipment                     | 15   | (100,081)     | (365,480)       |
| Proceeds from disposal of assets                              |      |               | 3,100           |
| Capital Development Funds                                     |      | 110,728       | 273,189         |
| <b>Net cash flows used in investing activities</b>            |      | <b>10,647</b> | <b>(89,191)</b> |
|   |      |               |                 |
| Net increase in cash and cash equivalents                     |      | 46,150        | (9,817)         |
| Cash and cash equivalents at 1 <sup>st</sup> July 2013        | 12   | 13,717        | 23,534          |
| <b>Cash and cash equivalents at 30<sup>th</sup> June 2014</b> | 12   | <b>59,867</b> | <b>13,717</b>   |



## XII STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

|                               | Original<br>Budget    | Adjustment            | Final Budget          | Actual on<br>comparable<br>basis | Performance<br>difference |
|-------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------|---------------------------|
|                               | 2013-2014<br>Kshs.000 | 2013-2014<br>Kshs.000 | 2013-2014<br>Kshs.000 | 2013-2014<br>Kshs.000            | 2013-2014<br>Kshs.000     |
| <b>Revenue</b>                |                       |                       |                       |                                  |                           |
| Government grants & subsidies | 491,166               | -                     | 491,166               | 538,527                          | (47,361)                  |
| Tuition                       | 780,065               |                       | 780,065               | 870,165                          | (90,100)                  |
| Other Incomes                 |                       |                       |                       | 22,433                           | (22,433)                  |
| <b>Total Income</b>           | <b>1,271,231</b>      | <b>-</b>              | <b>1,271,231</b>      | <b>1,431,125</b>                 | <b>(159,894)</b>          |
| <b>Expenses</b>               |                       |                       |                       |                                  |                           |
| Employee expenses             | 662,080               | -                     | 662,080               | 853,841                          | (191,761)                 |
| Staff medical scheme          | 33,132                | -                     | 33,132                | 5,627                            | 27,505                    |
| Passage and Baggage           | 24,464                | -                     | 24,464                | 3,197                            | 21,266                    |
| Purchase of drugs             | 10,601                | -                     | 10,601                | 3,488                            | 7,112                     |
| Staff Hospitalisation         | 9,245                 | -                     | 9,245                 | 4,356                            | 4,889                     |
| Repair of vehicles            | 8,656                 | -                     | 8,656                 | 8,860                            | (204)                     |
| Travelling and accommodation  | 35,785                | -                     | 35,785                | 57,145                           | (21,360)                  |
| Council Expenses              | 25,250                | -                     | 25,250                | 15,524                           | 9,726                     |
| Library Expenses              | 23,500                | -                     | 23,500                | 3,865                            | 19,635                    |
| Advertisement                 | 11,200                | -                     | 11,200                | 26,289                           | (15,089)                  |
| Rent and rates                | 56,475                | -                     | 56,475                | 68,190                           | (11,715)                  |
| Teaching and Practice         | 15,750                | -                     | 15,750                | 10,029                           | 5,721                     |
| Electricity                   | 31,255                | -                     | 31,255                | 17,221                           | 14,034                    |
| Other expenses                | 323,838               | -                     | 323,838               | 330,687                          | 6749                      |
| <b>Total</b>                  | <b>1,271,231</b>      | <b>-</b>              | <b>1,271,331</b>      | <b>1,408,319</b>                 | <b>(137,088)</b>          |
| <b>Expenditure</b>            |                       |                       |                       |                                  |                           |
| <b>Surplus for the period</b> |                       |                       |                       | <b>22,806</b>                    | <b>22,806</b>             |

## XIII NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Compliance and Basis of Preparation.

The university's financial statements for the year ended 30<sup>th</sup> June 2014 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual. This is the first year of adoption and the previous years have been restated accordingly. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the university and all values are rounded to the nearest thousand (Ksh.000). The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow is prepared using the direct method. The financial statements are prepared on accrual basis.

### 2. Summary of Significant Accounting Policies

#### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### *Exchequer Allocations*

The university receives government capitation for recurrent expenditure and is recognised in the statement of financial performance. The University recognises the grants when the budget estimates are approved hence there are no accrued grants at the end of the year. The capital development grants are recognised and credited to the development funds.

##### ii) Revenue from exchange transactions

###### *Tuition*

The university recognizes tuition revenue in the period in which it is earned.

###### *Income generating Units*

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

**b) 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 for budgeting purposes, there are no basis, timing or 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.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated as it is deemed to have an infinite life. Depreciation on the other property is charged so as to write off the assets during their estimated useful life, using reducing balance method.

Assets acquired during first six months of the year attract full depreciation while those acquired in the last six months of the year are not depreciated.

**The annual rates are: (Reducing Balance Method.)**

|                       |   |       |
|-----------------------|---|-------|
| Buildings             | - | 2.5%  |
| Machinery & Equipment | - | 20%   |
| Furniture & Fittings  | - | 12.5% |
| Motor Vehicles        | - | 25%   |
| Library Books         | - | 20%   |
| Cutlery               | - | 33.3% |

**d) Inventories**

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the university.

**e) Biological Assets**

Biological assets are measured on initial recognition at each balance sheet date at its fair value.

**f) Provisions**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

**g) Employee benefits**

**Retirement benefit plans**

The University operates a defined contribution scheme for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. Benefits are paid to retiring employees in accordance with the scheme rules.

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the NSSF Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month. The University's obligation to staff retirement benefit schemes are charged to the statement of financial performance in the year to which they relate.

**h) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. The university's parent ministry is the Ministry of Education Science and Technology. The university gets its grants through this ministry. Other related parties include the council members and the senior management.

**i) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, as the university does not have any short-term deposits or liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash.

Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purpose of these financial statements cash and cash equivalents does not include imprests and advances which were not surrendered at the end of the financial year.

**j) Comparative figures**

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

**k) Receivables**

Receivables are recognised when commitments are effected. A provision of 5% of total receivables has been provided to take care of the receivables, which may not be recovered in full.

**l) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

**3. (i) Exchequer Allocations (Recurrent Grants)**

| Date         | Rec No   | 2013/2014<br>Kshs.000 | Month     | Rec No | 2012/2013<br>Kshs.000 |
|--------------|----------|-----------------------|-----------|--------|-----------------------|
| July 2013    | 67509    | 40,930                | July 2012 | 51318  | 32,333                |
| Aug 2013     | 67525    | 32,333                | Aug 2012  | 54824  | 32,333                |
| Sept 2013    | 67100    | 96,750                | Sept 2012 | 57196  | 32,333                |
| Oct 2013     | 67047    | 38,140                | Oct 2012  | 58243  | 32,333                |
| Nov 2013     | 66986    | 35,311                | Nov 2012  | 67696  | 93,733                |
| Dec 2013     | 58693/13 | 35,311                | Dec 2012  | 67697  | 32,333                |
| Jan 2014     | 59496/13 | 35,310                | Jan 2013  | 70686  | 32,333                |
| Feb 2014     | 62237/14 | 35,310                | Feb 2013  | 68752  | 32,333                |
| Mar 2014     | 62218/14 | 35,310                | Mar 2013  | 68772  | 32,333                |
| Apr 2014     | 62283/14 | 35,310                | Apr 2013  | 68791  | 32,333                |
| May 2014     | 62809/14 | 73,241                | May 2013  | 65073  | 32,333                |
| June 2014    | 63040/14 | 45,271                | June 2013 | 65121  | 32,333                |
| <b>Total</b> |          | <b><u>538,527</u></b> |           |        | <b><u>449,400</u></b> |

(ii) **Exchequer Allocations (Development Grants)**

| <b>Date</b>  | <b>Rec No</b> | <b>2013/2014</b>      | <b>Month</b> | <b>Rec No</b> | <b>2012/2013</b>      |
|--------------|---------------|-----------------------|--------------|---------------|-----------------------|
|              |               | <b>Kshs.000</b>       |              |               | <b>Kshs.000</b>       |
| Aug 2013     | 67527         | 9,883                 | Aug 2012     | 37634         | 62,339                |
| Aug 2013     | 67528         | 10,687                | Nov 2012     | 54824         | 113,536               |
| Aug 2013     | 67529         | 24,937                | Feb 2013     | 57196         | 70,502                |
| Mar 2014     | 62217         | 41,731                | April 2013   | 58243         | 26,812                |
| May 2014     | 62807         | 23,490                |              |               |                       |
| <b>Total</b> |               | <b><u>110,728</u></b> | <b>Total</b> |               | <b><u>273,189</u></b> |

4. **Tuition Fees**

| <b>Details</b>       | <b>2013/2014</b>      | <b>2012/2013</b>      |
|----------------------|-----------------------|-----------------------|
|                      | <b>Kshs.000</b>       | <b>Kshs.000</b>       |
| Tuition fees         | 663,690               | 559,917               |
| Registration fees    | 17,860                | 12,627                |
| Student ID           | 2,656                 | 1,356                 |
| Library use          | 25,096                | 14,662                |
| Examination          | 53,580                | 44,550                |
| Material development | 26,790                | 18,124                |
| Activity fees        | 6,274                 | 2,579                 |
| Helb funds           | 61,554                | 13,600                |
| Medical              | 12,548                | 5,138                 |
| Teaching practice    | 117                   |                       |
| <b>Total</b>         | <b><u>870,165</u></b> | <b><u>672,553</u></b> |

5. **Income Generating Units**

| <b>Details</b>                | <b>2013/2014</b> | <b>2012/2013</b> |
|-------------------------------|------------------|------------------|
|                               | <b>Kshs.000</b>  | <b>Kshs.000</b>  |
| Application Forms             | 9,186            | 7,181            |
| Accommodation                 | 2,899            | 2,668            |
| Staff mess Sales              | 2,441            | 2,660            |
| Student Mess Sales            | 3,082            | 3,553            |
| Student Id Replacement        | 218              | 146              |
| Rent                          | 102              | 56               |
| Medical Charges               | 214              | 317              |
| Farm Sales                    | 566              | 606              |
| Disposal Income               |                  | 74               |
| Tender Form Sales             | 22               | 39               |
| Graduation Fee And Gowns Hire | 1,742            | 128              |
| Exam Retake                   | 368              | 82               |
| Transcripts                   | 142              | 11               |
| Exam Card Replacement         | 10               |                  |
| Hire Of Hall                  | 4                |                  |

|                        |                      |                      |
|------------------------|----------------------|----------------------|
| Hire Of Playing Ground | 46                   | 27                   |
| Hire Of Bus            | 123                  | 22                   |
| Tailoring Fees         | 36                   | 67                   |
| Library Charges        | 45                   | 40                   |
| Key Replacement        | 1                    | 1                    |
| Conference Charges     | 1,131                |                      |
| Graduation Donation    | 10                   |                      |
| Interest From Bank     | 18                   |                      |
| Interest From Advances | 27                   |                      |
| Gain From Disposal     |                      | 5                    |
| <b>Total</b>           | <b><u>22,433</u></b> | <b><u>18,578</u></b> |

**6. Employee Costs**

| <b>Details</b>          | <b>2013/2014</b>      | <b>2012/2013</b>      |
|-------------------------|-----------------------|-----------------------|
|                         | <b>Kshs.000</b>       | <b>Kshs.000</b>       |
| Salaries And Wages      | 842,817               | 612,432               |
| Staff Education Fund    | 137                   |                       |
| Casual Labour Expenses  | 16,932                | 15,899                |
| Salary Locum Appointees | 1,809                 | 2,233                 |
| Gratuity Services       | 10,664                | 4,135                 |
| Passage And Baggage     | 3,197                 | 1,752                 |
| Staff Id                | 980                   | 930                   |
| Staff Medical Scheme    | 5,627                 |                       |
| Staff Hospitalization   | 4,356                 | 7,481                 |
| Staff Development       | 502                   |                       |
| <b>Total</b>            | <b><u>887,021</u></b> | <b><u>644,862</u></b> |

**7. Council Expenses**

| <b>Details</b>                                 | <b>2013/2014</b>     | <b>2012/2013</b>     |
|--|----------------------|----------------------|
|  | <b>Kshs.000</b>      | <b>Kshs.000</b>      |
| Sitting Allowances                             | 258                  | 214                  |
| Subsistence Allowances                         | 560                  | 535                  |
| Mileage, Honoraria And<br>Other Misc. Expenses | 14,706               | 14,826               |
| <b>Total</b>                                   | <b><u>15,524</u></b> | <b><u>15,575</u></b> |

**8. Depreciation and Amortization Expense**

| <b>Details</b>          | <b>Accumulated<br/>C/F<br/>30/06/2014</b> | <b>Depreciation<br/>for the year<br/>ended<br/>30/06/2014</b> | <b>Balance B/F<br/>1/07/2013</b> | <b>Depreciation<br/>for the year<br/>ended<br/>30/06/2013</b> |
|-------------------------|---|---|----------------------------------|---|
|                         |   | <b>Kshs.000</b>   | <b>Kshs.000</b>                  | <b>Kshs.000</b>   |
| Buildings               | 19,915                                    | 5,020   | 14,895                           | 5,148   |
| Motor Vehicles          | 19,156                                    | 5,428   | 13,728                           | 3,290   |
| Furniture &<br>Fittings | 9,566                                     | 3,456   | 6,110                            | 2,467   |
| Office Equipments       | 12,079                                    | 3,532   | 8,547                            | 3,589   |
| Plant And Mach          | 6,284                                     | 1,709   | 4,575                            | 1,773   |
| Library Books           | 10,485                                    | 4,243   | 6,242                            | 4,609   |
| Cutlery                 | 1,072                                     | 329   | 743                              | 181   |
| <b>Total</b>            | <b><u>78,556</u></b>                      | <b><u>23,716</u></b>  | <b><u>54,840</u></b>             | <b><u>21,057</u></b>  |

9. **Contracted Services (Part Time Lecturers)**

| <b>Details</b>      | <b>2013/2014</b>      | <b>2012/2013</b>      |
|---------------------|-----------------------|-----------------------|
|                     | <b>Kshs.000</b>       | <b>Kshs.000</b>       |
| Faculty Of Commerce | 26,992                | 35,879                |
| BLINS               | 3,892                 | 7,371                 |
| Education           | 36,782                | 62,393                |
| Law                 | 1,650                 | 837                   |
| Agriculture         | 5,742                 | 6,416                 |
| Health Science      | 2,091                 | 800                   |
| Eldoret & Education | 40,749                |                       |
| <b>Total</b>        | <b><u>117,898</u></b> | <b><u>113,606</u></b> |

10. **General Expenses**

The following are included in general expenses.

| <b>Details</b>              | <b>2013/2014</b>      | <b>2012/2013</b>      |
|-----------------------------|-----------------------|-----------------------|
|                             | <b>Kshs.000</b>       | <b>Kshs.000</b>       |
| Advertising                 | 26,289                | 19,312                |
| Audit fees                  | 580                   | 580                   |
| Conferences and delegations | 2,268                 | 2,934                 |
| Electricity                 | 17,221                | 22,221                |
| Fuel and oil                | 8,860                 | 6,286                 |
| Insurance                   | 7,812                 | 5,799                 |
| Legal expenses              | 329                   | 3,908                 |
| Postage                     | 1,722                 | 2,100                 |
| Printing and stationery     | 12,297                | 9,921                 |
| Rent and rates              | 68,190                | 53,709                |
| Travelling and subsistence  | 57,145                | 74,362                |
| Repairs and Maintenance     | 13,748                | 17,385                |
| Others                      | 142,244               | 97,438                |
| <b>Total</b>                | <b><u>358,705</u></b> | <b><u>315,955</u></b> |

11. **Provisions**

| <b>Details</b>           | <b>2013/2014</b>    | <b>2012/2013</b>    |
|--------------------------|---------------------|---------------------|
|                          | <b>Kshs.000</b>     | <b>Kshs.000</b>     |
| Provision For Audit Fees | 580                 | 580                 |
| Provision For Gratuity   | 6,500               | 1,625               |
| <b>Total</b>             | <b><u>7,080</u></b> | <b><u>2,205</u></b> |



**12. Cash and Cash Equivalents**

| <b>Details</b>                  | <b>2013/2014</b>     | <b>2012/2013</b>     |
|---------------------------------|----------------------|----------------------|
|                                 | <b>Kshs.000</b>      | <b>Kshs.000</b>      |
| Cash At Hand                    | 1,430                | 69                   |
| Cash At Bank (NBK Current A/C)  | 19,336               | 1,848                |
| Cash At Bank (NBK Savings A/C)  | 673                  | 11,277               |
| Cash At Bank (KCB Development)  | 36,994               | 49                   |
| Cash At Bank (Co-Op Bank)       | 953                  | 451                  |
| Cash At Bank (KCB Fee Coll A/C) | 248                  | 23                   |
| Cash At Bank (KCB Eldoret)      | 233                  |                      |
| <b>Total</b>                    | <b><u>59,867</u></b> | <b><u>13,717</u></b> |

**13. Receivables from Exchange Transactions**

| <b>Details</b>       | <b>2013/2014</b>      | <b>2012/2013</b>      |
|----------------------|-----------------------|-----------------------|
|                      | <b>Kshs.000</b>       | <b>Kshs.000</b>       |
| House Rent           | 9                     | 0                     |
| Salary Advance       | 415                   | 28                    |
| General Debtors      | 360                   | 11                    |
| Imprests Outstanding | 4,297                 | 2,139                 |
| Fees Balances        | 239,799               | 303,253               |
| Farm Dues            | 0                     | 43                    |
| Medical Bills        | 16                    | 41                    |
| Provision            | (12,245)              | (15,275)              |
| <b>Total</b>         | <b><u>232,651</u></b> | <b><u>290,240</u></b> |

**14. Inventories**

| <b>Details</b>                 | <b>2013/2014</b> | <b>2012/2013</b> |
|--------------------------------|------------------|------------------|
|                                | <b>Kshs.000</b>  | <b>Kshs.000</b>  |
| Farm                           | 578              | 288              |
| Nyosia Farm                    | 289              | 142              |
| Town Campus                    |                  | 46               |
| Finance Town Campus            | 97               |                  |
| Down Town Campus               |                  | 4                |
| Kisumu Campus                  | 45               |                  |
| Keroka Campus                  | 89               | 32               |
| Nyamira Campus                 | 1                | 1                |
| Kitale Campus                  | 6                |                  |
| Kehancha Campus                |                  | 39               |
| Ogembo Campus                  | 8                | 25               |
| Isebania Campus                |                  | 22               |
| Nairobi Campus                 | 28               |                  |
| Faculty of Health Science      | 2                |                  |
| Faculty of Agriculture         | 6                |                  |
| School of Law                  | 1                |                  |
| Post Graduate                  | 17               |                  |
| Halls Department               | 173              | 218              |
| Medical Department             | 937              | 801              |
| Estates Department             | 1453             | 2029             |
| Examination & Timetabling Dept | 704              | 235              |

|                    |                     |                     |
|--------------------|---------------------|---------------------|
| Library Department | 136                 | 14                  |
| Central Stores     | 960                 | 733                 |
| Security Office    |                     | 17                  |
| Central Registry   | 32                  | 2                   |
| Dean Of Students   |                     | 9                   |
| Planning Office    | 270                 | 183                 |
| Games              |                     | 1                   |
| <b>Total</b>       | <b><u>5,832</u></b> | <b><u>4,841</u></b> |

**15. Property, Plant and Equipment**

|                                   | Land           | Buildings      | W.I.P            | Motor Veh.    | Furniture & fittings | Office Equipment | Plant & Machinery | Library       | Cutlery      | Total            |
|-----------------------------------|----------------|----------------|------------------|---------------|----------------------|------------------|-------------------|---------------|--------------|------------------|
| Cost                              | KShs 000       | KShs 000       | KShs 000         | KShs 000      | KShs 000             | KShs 000         | KShs 000          | KShs 000      | KShs 000     | KShs 000         |
| At 1 July 2013                    | 140,901        | 215,682        | 1,562,818        | 33,490        | 32,844               | 24,857           | 12,309            | 24,720        | 1,731        | 2,049,352        |
| Additions                         |                |                | 75,422           | 5,780         | 4,126                | 6,166            | 4,722             | 3,865         |              | 100,081          |
| <b>At 30 June 2014</b>            | <b>140,901</b> | <b>215,682</b> | <b>1,638,240</b> | <b>39,270</b> | <b>36,970</b>        | <b>31,023</b>    | <b>17,031</b>     | <b>28,585</b> | <b>1,731</b> | <b>2,149,433</b> |
| Acquisition after 30/12/13        |                |                |                  | 3,830         | 3,214                | 4,818            | 3,912             | 1,129         |              | 16,903           |
| Qualifying asset for depreciation | 140,901        | 215,682        | 1,638,240        | 35,440        | 33,756               | 26,205           | 13,119            | 27,456        | 1,731        | 2,132,530        |
| Accrued depreciation b/f          |                | 14,895         |                  | 13,728        | 6,110                | 8,547            | 4,575             | 6,242         | 743          | 54,840           |
| <b>Net cost for depreciation</b>  | <b>140,901</b> | <b>200,787</b> | <b>1,638,240</b> | <b>21,712</b> | <b>27,646</b>        | <b>17,658</b>    | <b>8,554</b>      | <b>21,214</b> | <b>988</b>   | <b>2,077,690</b> |
| <b>Depreciation for the year</b>  |                | 5,020          |                  | 5,428         | 3,456                | 3,532            | 1,709             | 4,243         | 329          | 23,716           |
| Total Depreciation                |                | 19,915         |                  | 19,156        | 9,566                | 12,079           | 6,284             | 10,485        | 1,072        | 78,556           |
| Net Book Value as at 30/06/14     | 140,901        | 195,767        | 1,638,240        | 20,114        | 27,404               | 18,944           | 10,747            | 18,100        | 659          | 2,070,877        |
| Net Book Value as at 30/06/13     | 140,901        | 200,787        | 1,562,818        | 19,762        | 26,734               | 16,310           | 7,734             | 18,478        | 988          | 1,994,511        |
| <b>Cost</b>                       |                |                |                  |               |                      |                  |                   |               |              |                  |
| At 1 July 2012                    | 140,901        | 215,682        | 1,246,979        | 24,478        | 18,680               | 17,687           | 8,914             | 13,948        | 1,013        | 1,688,282        |
| Additions                         |                |                | 315,839          | 13,422        | 14,164               | 7,170            | 3,395             | 10,772        | 718          | 365,480          |
| <b>Disposal</b>                   |                |                |                  | (4,410)       |                      |                  |                   |               |              | (4410)           |
| <b>At 30 June 2013</b>            | <b>140,901</b> | <b>215,682</b> | <b>1,562,818</b> | <b>33,490</b> | <b>32,844</b>        | <b>24,857</b>    | <b>12,309</b>     | <b>24,720</b> | <b>1,731</b> | <b>2,049,352</b> |
| Acquisition after 30/12/12        |                |                |                  | 9,892         | 9,464                | 1,953            | 642               | 42            | 626          | (22,619)         |
| Qualifying asset for depreciation | 140,901        | 215,682        | 1,562,818        | 23,598        | 23,380               | 22,904           | 11,667            | 24,678        | 1,105        | 2,026,733        |
| Accrued depreciation b/f          |                | 9,747          |                  | 10,438        | 3,643                | 4,958            | 2,802             | 1,633         | 562          | 33,783           |
| <b>Net cost for depreciation</b>  | <b>140,901</b> | <b>205,935</b> | <b>1,562,818</b> | <b>13,160</b> | <b>19,737</b>        | <b>17,946</b>    | <b>8,865</b>      | <b>23,045</b> | <b>543</b>   | <b>1,992,950</b> |
| <b>Depreciation for the year</b>  |                | 5,148          |                  | 3,290         | 2,467                | 3,589            | 1,773             | 4,609         | 181          | 21,057           |
| Total Depreciation                |                | 14,895         |                  | 13,728        | 6,110                | 8,547            | 4,575             | 6,242         | 743          | 54,840           |
| Net Book Value as at 30/06/13     | 140,901        | 200,787        | 1,562,818        | 19,762        | 26,734               | 16,310           | 7,734             | 18,478        | 988          | 1,994,511        |
| Net Book Value as at 30/06/12     | 140,901        | 205,935        | 1,246,979        | 11,835        | 15,038               | 12,729           | 6,112             | 12,135        | 451          | 1,652,294        |

| 16. <b>Biological Assets</b> | <b>Details</b>      | <b>2013/2014</b>  | <b>2012/2013</b>  |
|------------------------------|---------------------|-------------------|-------------------|
|                              |                     | <b>Kshs.000</b>   | <b>Kshs.000</b>   |
|                              | <b>Cows</b>         | 80                | 70                |
|                              | Anne 2              | 60                | 70                |
|                              | Susan 1             | 60                | 70                |
|                              | Susan 2             | 50                | 50                |
|                              | Heifer Susan 4      | 80                | 60                |
|                              | Karendi 3           | 90                | 70                |
|                              | Bull Sakawa         | 60                | 100               |
|                              | Heifer Anne 5       |                   | 48                |
|                              | Kioko               | 80                | 80                |
|                              | Anne 4              |                   | 62                |
|                              | Otenyo 2            |                   |                   |
|                              | Susan 5 (Calf)      | 25                | 30                |
|                              | Ochieng (Calf)      | 40                | 10                |
|                              | Susan 6 (Calf)      | 24                | 30                |
|                              | Ondieki (Bull Calf) | 20                | 10                |
|                              | Ann 6 (Heifer)      | 40                | 85                |
|                              | Benadatte 1 Heifer  | 20                |                   |
|                              | Onyancha 1 Bull     | 6                 |                   |
|                              | <b>Rabbits</b>      | 24                | 35                |
|                              | <b>Fish</b>         |                   |                   |
|                              | Pond 1              | 35                | 7                 |
|                              | Pond 2              | 13                | 8                 |
|                              | Pond 3              | 7                 | 4                 |
|                              | Pond 4              | 2                 | 7                 |
|                              | Pond 5              | 18                |                   |
|                              | Pond 6              | 23                |                   |
|                              | <b>Goats</b>        |                   |                   |
|                              | No 1095             | 10                |                   |
|                              | B5304               | 25                |                   |
|                              | W2401               | 30                |                   |
|                              | <b>Total</b>        | <b><u>922</u></b> | <b><u>907</u></b> |

| 17. <b>Trade and Other Payables from Exchange Transactions.</b> | <b>Details</b>              | <b>2013/2014</b>      | <b>2012/2013</b>      |
|---|-----------------------------|-----------------------|-----------------------|
|   |                             | <b>Kshs.000</b>       | <b>Kshs.000</b>       |
|   | Fee Prepayments             | 28,870                | 12,192                |
|   | Caution Money               | 20,123                | 17,093                |
|   | Prepaid Rents And Rates     | 4                     |                       |
|   | Sundry Creditors            | 99,275                | 156,167               |
|   | Student Union               | 999                   | 2,398                 |
|   | Retention                   | 3,117                 | 3,117                 |
|   | Contractors And Consultants | 318,714               | 352,611               |
|   | Lease Hold                  | 27,000                | 27,000                |
|   | <b>Total</b>                | <b><u>498,102</u></b> | <b><u>570,578</u></b> |