

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

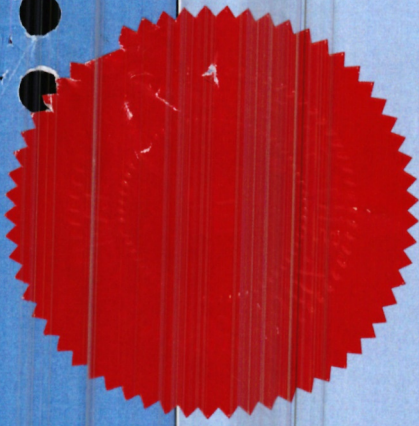
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY

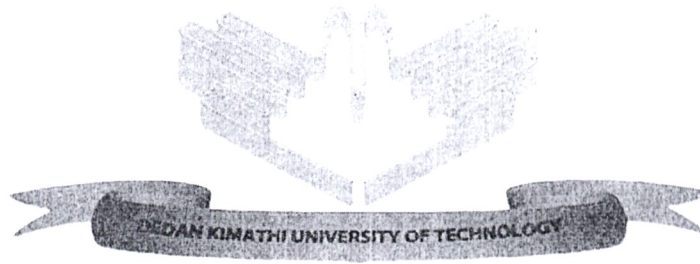
FOR THE YEAR
ENDED 30 JUNE 2018



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 MAR 2019	DAY: THURSDAY
TABLED BY: Hon. Aden Duale	
CLERK AT THE TABLE: Mary Lemus	

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DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
FINANCIAL STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2018

NYERI-MWEIGA ROAD
P. O. BOX 657, 10100-NYERI KENYA
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Better Life Through Technology



DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

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DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY **GENERAL INFORMATION**

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Dedan Kimathi University of Technology
Along Nyeri Mweiga road
P. O. Box 657, 10100
Nyeri.

1. BANKERS

- i). Consolidated Bank Nyeri Branch
P. O. Box 935-10100,
Nyeri-Kenya.
- ii) Kenya Commercial Bank Nyeri Branch
P.O Box 215-10100,
Nyeri-Kenya.
- iii) Standard Chartered Bank Nyeri Branch
P. O. Box 1-10100,
Nyeri-Kenya.
- iv) Equity Bank Nyeri Kimathi Way Branch
P.O. Box75104-10100,
Nyeri-Kenya.
- v) Family Bank Nyeri Branch
P.O. Box 74145-10100
Nyeri-Kenya.

2. AUDITORS

Auditor – General
Kenya National Audit Office
P. O. Box 30084-00100,
Nairobi.

3. LEGAL OFFICER

Ms. Nelius Mwangi

4. UNIVERSITY CHARTER

Dedan Kimathi University of Technology was established by the universities ACT, 2012
(No. 42 of 2012).

5. LOCATION

Dedan Kimathi University of Technology is located six kilometers from Nyeri town along
Nyeri Mweiga Road.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY CHANCELLOR

Name

Appointment

Prof. Shellemiah Keya

Date of

12/1/2013

UNIVERSITY COUNCIL MEMBERS

Current Council Members

Appointment

Designation

Date of

a) Dr. Jane Nyakang'o	Chairperson	10/3/2017
b) Prof. Collette Suda	PS.State Dept. of Universities Education	10/3/2017
c) Dr. Kamau Thuge	PS.The National Treasury	10/3/2017
d) Dr. Janet Kabeberi Macharia	Member	10/3/2017
e) Mr. Raphael Anampiu	Member	10/3/2017
f) Eng. John Kisenga	Member	10/3/2017
g) Prof. Ruthie C. Rono	Member	10/3/2017
h) Mr. Kennedy Adongo	Member	10/3/2017
i) Prof. P.Ndirangu Kioni	Vice Chancellor	15/6/2013

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

THE UNIVERSITY CHANCELLOR AND COUNCIL MEMBERS

Prof. Shellemiah Okoth Keya –University Chancellor



BSc (Makerere), MSc, PhD (Cornell)

Dr. Jane Nyakang'o - Council Chairperson



B.Sc. (KU) MSC, MBA and PHD (UoN)

Eng. John Kisenga - Council Member



Bsc Electrical Engineering (UoN)

M.Sc. Digital Communication Systems U.K.

Dr. Janet Kabeberi Macharia - Council Member



Dip (law), Dip (women law), LLB, Masters (law), PHD (law),

Mr. Kennedy Adongo- Council Member



B.Ed (Moi University), MSc (International studies).

Prof. Ruthie C. Rono-

Council Member



MA (Educational psychology),
PHD (KU)

Mr. Raphael Anampiu

Council Member



B.Com (finance option)
MBA Strategic Management (UoN)

Prof. Eng. P. Ndirangu Kioni

Vice Chancellor



BSc Mechanical Engineering (UoN)
PhD Cambridge University, England

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY MANAGEMENT BOARD

Prof. Eng. P.N.Kioni - Vice Chancellor



Bsc Mechanical Engineering (UoN)
PhD from Cambridge University, England

Prof. Gerald Muthakia -
Deputy Vice Chancellor (Academic Affairs)



Bed, MSc (UoN), PhD (Exeter, UK)

Mr. Andrew Muriuki - Registrar
(Administration & Finance)



BA (KU), MSc, CBIS (Sunderland)

CPA. Beatrice Mwangi
Ag. Finance Officer



BCom, MBA (JKUAT), CPA (K)

Prof. M.K. Gachari - Deputy Vice Chancellor
(Administration & Finance)



BSc (UoN), MSc, Phd (Oxford), MBA (KeMU)

Prof. (Eng.) Paul M. Wambua - Deputy Vice
Chancellor (Research, Technology Management and
Community linkages (RTMCL))



BSc (Uni. Of Eng & Tech, Lahore, Pakistan), MSc
(University of Leeds, UK), PhD (Katholieke Uni, Belgium)

Prof. J.W. Khamasi - Registrar
(Academic Affairs)



BEd (UoN), MEd. (Uni. Of New Brunswick,
CA), PhD (UBC, CA)

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY MANAGEMENT BOARD

- | | |
|-----------------------------|--|
| 1) Prof. P. Ndirangu Kioni | Vice Chancellor |
| 2) Prof. Moses K. Gachari | Deputy Vice Chancellor, Administration & Finance |
| 3) Prof. Gerald K. Muthakia | Deputy Vice Chancellor, Academic Affairs |
| 4) Prof. Paul Wambua | Deputy Vice Chancellor, RTMCL |
| 5) CPA. Beatrice Mwangi | Finance Officer |
| 6) Prof. J. W. Khamasi | Registrar , Academic Affairs |
| 7) Mr. Andrew Muriuki | Registrar, Administration & Finance. |

DEAN AND DIRECTORS

- | | |
|--------------------------|---|
| 1) Dr. Harrison Ngetha | Dean, School Of Engineering |
| 2) Dr. Benson Ongarora | Dean, of students. |
| 3) Dr. Kennedy Maranga | Dean, School Of Computer Science |
| 4) Dr. David Kiragu | Dean, School Of Business. |
| 5) Dr. Douglas Onyancha | Dean, School Of Science. |
| 6) Prof. Marwa Mwita | Director, Nairobi Town Campus |
| 7) Dr. Eddy Owanga | Director, IFBT |
| 8) Dr. Murimi Ngigi | Director, IGGRoS |
| 9) Dr. Juma Misiko | Director, IToHM |
| 10) Dr. Nicholas Mariita | Director, GeTRI |
| 11) Mr. Richard Gatembu | Director, ITPS |
| 12) Prof. P. N. Muchiri | Director, Institutional Advancement. |
| 13) Mr. Michael Muchiri | Director, E-Learning |
| 14) Ms. Wanjiku Wanjiru | Director, Gender, Equity and Disability Affairs |
| 15) Prof. f. waweru | Director Quality Assurance. |
| 16) Prof. Charles Mundia | Director Post Graduate Studies. |
| 17) Prof. Matthew Theuri | Director Pedagogy |

LIBRARIAN

- | | |
|------------------------|----------------------|
| 1) Mr. Fredrick Otiike | University Librarian |
|------------------------|----------------------|

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

CORE BUSINESS OF THE UNIVERSITY

The main objective of the University is stipulated in the Universities Act 2012 (No. 42 of 2012) which provides the functions and objectives of the University which include:

- a) Provide education directly, or in collaboration with other institutions, and in so doing provide for the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- b) Participate in scholarly work, the discovery, transmission, utilization, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economical, social, cultural, scientific and technological development of Kenya.
- c) Offer continuing professional development courses;
- d) Determine the curriculum and its mode of delivery and to specify the admission criteria ;
- e) Conduct examination for and to grant and confer such academic awards as may be provided for in the Act and the Statutes.
- f) Establish new colleges, faculties, schools, institutes, departments, other resource and administrative units and centres;
- g) Promote the general welfare of staff and students.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

Chairperson's Statement

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. The University will continue to reposition its main brands within the context of market requirements, customer satisfaction and cost rationalization. The need to meet this objective over years has remained the central focus of the University Council.

Since inception, the University growth and expansion policy continue to focus on product diversification. Our current management focuses on expansion of the University while maintaining quality in line with our vision to be a premier technological University Excelling in Quality Education, Research and Technology Transfer.

In line with the Government of Kenya Policy, the University has increased access to higher education through additional admission of students. This in effect has led to increase in operation costs and need for more physical facilities. The University has continued to improve on its existing facilities and adding new ones using the already constrained resources.

Corporate Governance and Ethics

The Council is responsible for the governance of the University and is accountable to the Citizens of this country for ensuring that the University complies with the Law and maintain the highest standard of corporate governance, academic standards and ethics.

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

Appreciation

Finally, I want to thank the Kenya Government and other organizations for the support they have continued to offer the University. On behalf of the Council, I thank the University staff for their dedication and commitment to the University.



Dr. Jane Nyakang'o

CHAIRMAN OF THE UNIVERSITY COUNCIL

I have the pleasure to present the annual report and accounts for Dedan Kimathi University of Technology for the year ended 30th June 2018

1. FINANCES

The University started the year with a cash balance of Kshs. 97,350,770 and was allocated capitation of Kshs. 620,581,836 and salary arrears grant Kshs.85,093,092 by the Government during the year under review. The University managed to collect Kshs. 420,382,681 in tuition and other charges, Kshs. 89,451,902 from Income Generating Activities (IGU's) and Kshs 17,517,151 from farm income. The University was also allocated Kshs. 55,057,636 for development projects. In total therefore, the University had Kshs. 1,385,435,068 at its disposal during the year

2. ACADEMIC PROGRAMMES

During the year under review, the University embarked on developing a number of academic programmes including PhD, Masters, Bachelor's, diplomas and Certificate Courses

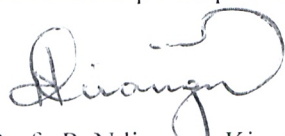
The University also embarked on an intensive marketing programme to increase the student's population especially self-sponsored students.

3. CONCLUSION

I would like to take this opportunity to thank Council for the support it has been giving to the Management Board and for its visionary direction in the development of this new institution of higher learning.

I would also like to thank the Government for its support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by a University of Technology.

Last but not least, I would like to thank staff and students for their continued cooperation in this difficult task of building a University of Technology. And look forward to their cooperation and enthusiastic participation in the future development of the University.



Prof. P. Ndirangu. Kioni Ph.D, R.Eng
Vice Chancellor.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY MANAGEMENT BOARD DISCUSSION AND ANALYSIS

Performance

The University income for the year was Kshs. 1,233,026,662 expenditures for the year was Kshs.1,384,022,531 generating a deficit of Kshs. 150,995,869. This was mainly due to fact that the University specializes in Science, Technology, Engineering and Mathematics (STEM) programmes which are very expensive to run. The University has therefore put a lot of capital and human resources to support this programmes which is far more costly than the resources allocated for other University programmes

Capital Projects

During the year 2017/2018, the University started one new capital projects and continued with ongoing work in progress from the year 2016/2017. When these buildings are complete, there will be ample lecturer rooms and laboratory spaces which will accommodate the rising number of students. These are:

New project

- i. Ablution block

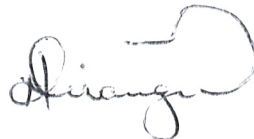
Work in progress

- i. Academic Block Phase 2
- ii. Resource Centre III
- iii. Main Lecture Theatre
- iv. Engineering annex
- v. Engineering workshop
- vi. Thermodynamic laboratory
- vii. Fiber optic project
- viii. Dining hall
- ix. Extension of medical centre
- x. Link road
- xi. University frontage gate

University's compliance with statutory

The University has fully complied with the payment of statutory deductions such as PAYE, NSSF, NHIF, VAT NITA and Withholding Tax. During the financial year 2017/2018 all the statutory deductions were paid on time and there no cases of delay or non-payment.

Signed on behalf by:



P.N. KIONI

3rd Sept, 2018

Vice Chancellor.....Date.....

REPORT OF THE UNIVERSITY COUNCIL

The University Council submit the financial statements for the year ended June 30, 2018 which show the state of the University's affairs.

Principal activities

The principal activities of the University are:

- i. Provide education directly, or in collaboration with other institutions, and in so doing provide for the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- ii. Participate in scholarly work, the discovery, transmission, utilization, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economical, social, cultural, scientific and technological development of Kenya.
- iii. Offer continuing professional development courses;
- iv. Determine the curriculum and its mode of delivery and to specify the admission criteria ;
- v. Conduct examination for and to grant and confer such academic awards as may be provided for in the Act and the Statutes.
- vi. Establish new colleges, faculties, schools, institutes, departments, other resource and administrative units and centres;
- vii. Promote the general welfare of staff and students.

Results

The results of the University for the year ended June 30, 2018 are set out on page 1 and 2 of the financial statement.

University Council Members

The members of the University Council who served during the year are shown on page iii and iv of the financial statement.

Auditors

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

Signed on behalf by:



Dr. Jane Nyakang'o
Chairman of the University Council

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

STATEMENT OF UNIVERSITY COUNCIL MEMBERS RESPONSIBILITIES

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

The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The University Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) The University Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2018, and of the University's financial position as at that date. The University Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the University Council 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 statements were approved by the Council signed on its behalf by:

Chairman of the Council Date..... 25/8/2018

Vice Chancellor Date..... 25th August, 2018

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

STATEMENT ON CORPORATE GOVERNANCE

Responsibility of the University Council

The University Council comprises of eight members, six of whom are appointed by the Cabinet Secretary Ministry of Education while the rest are ex-officio members. It is responsible for ensuring that the University complies with the law and best practices in corporate governance as promulgated by the relevant statutory and regulatory authorities.

Functions of the University Council

- To administer the property and funds of the University, donations, endowments, gifts, grants or other monies and to make legitimate disbursements there from.
- To provide for the welfare of the staff and students of the University.
- To generate and raise funds for the purposes of the University from within and outside the country.
- To determine, on the advice of the senate, the maximum number of students to be admitted to the University at any one time from amongst those qualified for admissions.
- To enter into association with other Universities, Colleges or Institutions of higher learning within or outside Kenya as the Council may deem necessary in the interest of the University.

The Council meets at least four times in each calendar year at such a place and time as the chairman may determine.

University Council Committees

The following are the committees of the University Council

- i. Audit, Risk and Compliance Committee
- ii. Finance Committee
- iii. Sealing Committee
- iv. Human Resource and Staff Welfare Committee
- v. Strategic, Development and Planning Committee

The University Council nominates the Chairman of each committee.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

CORPORATE SOCIAL RESPONSIBILITY

The University acknowledges her responsibility to the society by playing an active role on public issues. The University contributed to the community support initiatives and in the year under review, the University was in involved in the following activities,

- Establishment of a Kshs. 1,000,000 bursary fund for needy students.
- Establishment of an endowment fund with an aim to help the needy students.
- Participated Nyeri Hospice Charity Walk
- Participated in The Mater Heart run Nyeri

The University has also partnered with College of Rockies (CoTR) and Ministry of health to run a programme which is supported by the Canadian Government, in Maternal Access and Infant Survival for Health Advancement (MAISHA). MAISHA serves to improve maternal, newborn, and child health services at the community level by strengthening community health units and rural health facilities in Kenya.

The University continues to be a caring partner in our Community and endeavors to give back to the community.

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Dedan Kimathi University of Technology set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Dedan Kimathi University of Technology as at 30 June, 2018, 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 and Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Dedan Kimathi University of Technology in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty in Relation to Sustainability of Services

I draw attention to a disclosure in Note 1(x) to the financial statements which indicates that during the financial year 2017/2018, the University recorded a deficit of Kshs.150,995,869 (2016/2017: a deficit of Kshs.107,437,046). As a result, the accumulated deficit increased

Report of the Auditor-General on Financial Statements of Dedan Kimathi University of Technology for the year ended 30 June 2018

from Kshs.134,799,279 as at 30 June 2017 to Kshs.285,795,148 as at 30 June 2018. Further, the current liabilities balance of Kshs.676,234,923 exceeded current assets balance of Kshs.402,989,109 resulting in a negative working capital of Kshs.273,245,814. This precarious financial position is an indication of the existence of a material uncertainty which may cast a significant doubt on the University's ability to sustain its services and to meet its obligations as and when they fall due.

However, as disclosed and explained by the management, the financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the Government and, that the management will implement fully the proposed mitigating measures including restructuring and freezing of employment in none core business. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described under Material Uncertainty in Relation to Sustainability of Services and in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unauthorized Over-expenditure on Property, Plant and Equipment

During the year under review, a budget of Kshs.97,428,438 was approved under four expenditure items comprising of Kshs.7,600,000, Kshs.65,449,066, Kshs.13,333,333 and Kshs.11,046,039 for purchase of furniture and fittings, construction of resource centre III, construction of main lecture theatre and construction of academic block phase II, respectively. However, the University incurred actual expenditure of Kshs.8,668,479, Kshs.75,850,162, Kshs.17,523,564 and Kshs.20,384,152 on the respective four items, totalling Kshs.122,426,357, resulting in an unauthorized over-expenditure of Kshs.24,997,919. No explanation has been provided for failure to obtain relevant authorization or approval through supplementary budget before incurring the excess expenditure.

2. Personnel Costs - Loss Due to Breach of Bond Agreement

Available records indicate that an assistant lecturer was sponsored by the University in 2013 to pursue a Ph.D in Actuarial Science at the University of Canterbury in New Zealand for a period of four years. The course and financial support were approved by the University's Staff Training and Development Committee at a cost of Kshs.2,148,545 on condition that the lecturer be bonded to the service of the University for a period of three years on completion of the course in line with the Government Policy on sponsored trainings. The bond terms stipulated that he shall pay back the total amount incurred on him should he abscond.

The lecturer continued to earn his full salary and annual leave allowance amounting to Kshs.7,514,777.70 during the entire four years of his study leave. In addition, the lecturer also continued to earn his annual leave allowance for the entire the period of his study leave contrary to the provisions of staff training and development policy.

Examination of personal file and other records further revealed that the lecturer returned from study leave on 18 December 2017 but has never resumed his duties despite being bonded for service at the University after completion of studies. As a result of the lecturer absconding duty, the University is at risk of losing Kshs.9,663,322.70 comprising Kshs.7,514,777.70 in salaries paid during the study leave and the cost of the sponsorship amounting to Kshs.2,148,545.

The management has not provided explanation on the measures taken to recover the amount spent on the lecturer or paid to him during the training.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described under Material Uncertainty in Relation to Sustainability of Services and in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of Dedan Kimathi University of Technology to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

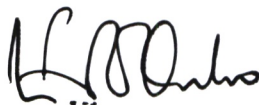
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Dedan Kimathi University of Technology to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

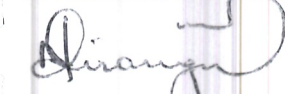
1 March 2019

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2018

	<u>NOTE</u>	<u>CONSOLIDATED</u> <u>2017/2018</u> <u>KSHS</u>	<u>CONSOLIDATED</u> <u>2016/2017</u> <u>KSHS</u>
<u>REVENUE</u>			
<u>Revenue from non-exchange transactions</u>			
Ministry grant - Recurrent	17	620,581,836	551,580,649
Special grant (Salary Arrears)	17	<u>85,093,092</u>	<u>70,643,644</u>
		705,674,928	622,224,293
<u>Revenue from exchange transactions</u>			
Tuition & other fees	18	420,382,681	521,030,149
Other income	19	89,451,902	65,476,780
Farm income	29	<u>17,517,151</u>	<u>17,497,972</u>
		527,351,734	604,004,901
Total Revenue		1,233,026,662	1,226,229,194
<u>EXPENSES</u>			
Personnel cost	20	957,033,022	886,124,952
Central services	21	143,931,240	156,334,498
Council allowance	22	9,158,264	8,736,167
Maintenance cost	23	8,839,696	10,459,835
Student welfare	24	22,218,469	10,624,784
Research Activities	25	25,512,459	26,886,409
Academic costs	26	47,101,096	55,314,952
Administrative cost	27	16,974,372	19,010,070
Nairobi campus expenses	28	25,536,001	27,195,497
<u>Farm expenses</u>			
Cost of sales		31,175,728	30,463,973
Overhead expenses	33	<u>25,462,191</u>	<u>21,122,810</u>
TOTAL EXPENSES		1,312,942,538	1,252,273,946
Add provision for depreciation	2	63,579,519	70,818,512
Add provision for doubtful debt (students fee)	4a	6,630,474	9,703,783
Add provision for Audit Fee	10	<u>870,000</u>	<u>870,000</u>
TOTAL EXPENSES		1,384,022,531	1,333,666,240
Surplus/deficit for the year		(111,875,101)	(73,348,235)
Share of farm loss		<u>(39,120,768)</u>	<u>(34,088,811)</u>
DEFICIT FOR THE PERIOD		<u>(150,995,869)</u>	<u>(107,437,046)</u>

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

ASSETS	NOTE	CONSOLIDATED	CONSOLIDATED
		<u>2017/2018</u>	<u>2016/2017</u>
		<u>KSHS</u>	<u>KSHS</u>
CURRENT ASSETS			
Cash & Bank Balances	5	63,477,326	126,530,152
Trade and other receivables (exchange Transactions)	4.a	338,146,841	362,841,967
Trade and other receivables (non-exchange Transactions)	4.b	-	201,307,678
Inventories	16	1,364,942	3,051,213
		<u>402,989,109</u>	<u>693,731,010</u>
NON-CURRENT ASSETS			
Property Plant and Equipments	2	2,622,420,165	2,516,539,054
Investments	14	-	-
Biological assets	15	13,844,850	14,214,850
		<u>2,636,265,015</u>	<u>2,530,753,904</u>
TOTAL ASSETS		<u>3,039,254,124</u>	<u>3,224,484,915</u>
LIABILITIES			
Current liabilities			
Trade and other payables (exchange transactions)	10.a	525,741,077	459,184,770
Trade and other payables (non-exchange transactions)	10.b	117,645,776	266,810,703
Bank overdraft	11	32,848,070	29,179,382
		<u>676,234,923</u>	<u>755,174,855</u>
Non-current liabilities			
Long Term Borrowings (Loan)		-	9,982,628
		<u>-</u>	<u>9,982,628</u>
NET ASSETS			
Capital fund	6	2,054,252,711	1,999,195,075
Reserve fund	7	(285,795,148)	(134,799,279)
Revaluation reserve	8	594,561,638	594,931,638
		<u>2,363,019,201</u>	<u>2,459,327,434</u>
Total net assets and liabilities		<u>3,039,254,124</u>	<u>3,224,484,915</u>



Prof. P.N. Kioni
Vice Chancellor

Date



CPA. Beatrice Mwangi
Ag. Finance Officer

Date

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	ACCUMULATED FUND		REVALUATION RESERVE		RESERVE FUND		TOTAL		CONSOLIDATED
		University	Farm	University	Farm	University	Farm	University	Farm	Ksh
		Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Balance as at 30/6/2016		1,768,267,356	(9,990,246)	588,962,938	1,433,001	82,219,834	(109,582,067)	2,439,450,128	(118,139,312)	2,321,310,816
surplus/deficit for the period	7					(73,348,235)	(34,088,811)	(73,348,235)	(34,088,811)	(107,437,046)
Revaluation additions	8				4,535,700				4,535,700	4,535,700.00
Increase in capital fund	6	240,917,965	-	-	-	-	-	240,917,965	-	240,917,965
Balance as at 30/06/2017		<u>2,009,185,321</u>	<u>(9,990,246)</u>	<u>588,962,938</u>	<u>5,968,701</u>	<u>8,871,599</u>	<u>(143,670,878)</u>	<u>2,607,019,858</u>	<u>(147,692,423)</u>	<u>2,459,327,435</u>
Balance as at 30/6/2017		2,009,185,321	(9,990,246)	588,962,938	5,968,701	8,871,599	(143,670,878)	2,607,019,858	(147,692,423)	2,459,327,435
surplus/deficit for the period					(370,000)	(111,875,101)	(39,120,768)	(111,875,101)	(39,120,768)	(150,995,869)
Revaluation additions									(370,000)	(370,000)
Increase in capital fund		55,057,636	-	-	-	-	-	55,057,636	-	55,057,636
Balance as at 30/06/2018		<u>2,064,242,957</u>	<u>(9,990,246)</u>	<u>588,962,938</u>	<u>5,598,701</u>	<u>(103,003,502)</u>	<u>(182,791,646)</u>	<u>2,550,202,393</u>	<u>(187,183,191)</u>	<u>2,363,019,202</u>

NB The biological assets were measured at fair value .

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	PAGE	NOTE	2017/2018 KSHS	2016/2017 KSHS
University Deficit for the period	1		(150,995,869)	(107,437,046)
<u>Adjustment for:</u>				
Depreciation	6		63,579,519	70,818,512
			(87,416,349)	(36,618,534)
<u>Change in working capital</u>				
Increase/(decrease) in inventories	14	14	1,686,271	3,059,648
Increase/(decrease) in receivables	12	4	226,002,804	(273,090,998)
Increase/(decrease) in payables	13	10	(82,608,675)	294,435,594
Net cash generated from operating activities			145,080,400	24,404,244
<u>Cash flow from investing activities</u>				
Investing in fixed assets	11		(9,923,279)	(294,364,669)
Loan repayment			(9,982,628)	(27,737,273)
Net cash used in investing activities			(19,905,907)	(322,101,942)
<u>Cash flow from financing activities</u>				
Capital fund	12	6	55,057,636	240,917,965
			55,057,636	240,917,965
Net change in cash and cash equivalent			(66,721,569)	(93,398,269)
Opening cash and cash equivalent	12&13 (j)	5&11	97,350,770	190,749,039
Closing cash and cash equivalent	12&13 (j)	5&11	30,629,201	97,350,770

Closing cash and cash equivalents is calculated as follows;

Cash balance of kshs 63,477,326 (Note 5) less Overdraft kshs 32,848,125 (Note 11) = kshs 30,629,201

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
STATEMENT OF BUDGET COMPARISON
AS AT 30TH JUNE 2018

<u>INCOME</u>	<u>NOTE</u>	<u>2017/2018</u>	<u>2017/2018</u>	<u>2017/2018</u>	<u>2017/2018</u>
		<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>% VARIANCE</u>
		<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>
<u>Revenue from exchange transactions</u>					
Ministry grant - Recurrent	17	620,581,841	620,581,836	(5)	(0)
Special grant (Salary Arrears)		85,093,092	85,093,092	-	-
<u>Revenue from non-exchange transactions</u>					
Tuition & other fees	18	575,618,495	420,382,681	(155,235,814)	(27)
Other income	19	<u>76,471,165</u>	<u>89,451,902</u>	<u>12,980,737</u>	<u>17</u>
TOTAL		1,357,764,593	1,215,509,511	(142,255,082)	(10)
<u>LESS EXPENDITURE</u>					
Personnel cost	20	1,019,163,068	957,033,022	62,130,046	6
Central services	21	150,338,529	143,931,240	6,407,289	4
Council allowance	22	10,264,264	9,158,264	1,106,000	11
Maintenance cost	23	9,610,000	8,839,696	770,304	8
Student welfare	24	23,620,000	22,218,469	1,401,531	6
Research Activities	25	3,350,000	25,512,459	(22,162,459)	-
Academic costs	26	48,018,000	47,101,096	916,904	2
Administrative cost	27	16,486,727	16,974,372	(487,645)	(3)
Nairobi campus expenses	28	<u>27,750,000</u>	<u>25,536,001</u>	<u>2,213,999</u>	<u>8</u>
EXPENDITURE		1,308,600,588	1,256,304,619	52,295,969	4
Add provision for depreciation	2		63,579,519		
Add provision for doubtful debt (students fee)			6,630,474		
Add provision for Audit Fee	13		<u>870,000</u>		
TOTAL EXPENDITURE			1,327,384,612		
Surplus/deficit for the year			<u>(111,875,101)</u>		

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The principal accounting policies adopted are as follows:-

a) Basis of preparation

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

b) Revenue from non-exchange transactions

Revenue and expenditure have been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned while expenditure is recognized when it is incurred. The revenue recognition is as follows:

i). Government Grants

Government grants are recognized as income in the period when received. Government grant is recognized only when there is a reasonable assurance that the entity will comply with any condition attached to the grant and that the grant will be received

c) Revenue from exchange transactions

i). Tuition and Fees

Revenue from tuition and fees are recognized prorate over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular financial period.

ii). Rental income

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

iii). Other incomes

Grants and donations in form of research grants and donations are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds. Income from collaborations is treated the same way tuition and fees are treated.

d) Property, plant and equipment

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

The following rates are applied

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

Buildings	2%
Tractor	37.5%
Motor Vehicles	25%
Computer & Accessories	30%
Plant and machinery	12.5%
Furniture and fittings	12.5%
Equipments	12.5%

e) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include direct materials and where applicable direct labour and those direct overheads that have been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal.

f) Receivables

Receivables are recognized at their nominal value as reduced by appropriate allowances. Receivables comprises of both exchange and non-exchange transactions.

g) Retirement Benefit Costs

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University. The University also contributes to the National Social Security Fund (NSSF). Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University are charged to the income statement during the year in which they relate

h) Agriculture.

Biological assets have been measured at fair value (IPSAS 27, Agriculture) which prescribes the accounting treatment and disclosures related to agricultural activity, which is not covered in other standards.

Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale or for distribution at no charge or for a nominal charge or for conversion into agricultural produce or into additional biological assets. It is primarily drawn from the IASB's IAS 41 Agriculture, with limited changes dealing with public sector-specific issues.

Statistics Manual is effective for annual financial statements covering periods beginning on or after 1st April 2011, with earlier application encouraged.

i) Research and Development

Research and development expenditure is charged to income statement in the year it is incurred

j) Cash and Cash Equivalents

These are defined as cash on hand, bank balances, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and are not subject to any risks and changes in value. For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances, short term investments and overdraft balances. In the cashflow statement, closing cash and cash equivalents is calculated as follows; **Cash balance of kshs 63,477,326 less overdraft kshs 32, 848,125 = kshs 30,629,201.**

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

k) Bank overdraft

The University has an overdraft facility with Consolidated Bank to a tune of kshs 50,000,000 Interest on overdraft has been charged as expenses in the year they have been incurred. The policy is to accrue all unpaid interest relating to the year under review.

l) Tax Exemption

Organizations (PBOs) have been exempted from income tax. PBOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.

m) Basis of Consolidation

The consolidated financial statement comprises the financial statements of the University and subsidiary (Farm) as at 30th June 2018. The farm is a subsidiary of the University, 100% owned by the University. Subsidiary is fully consolidated from the date of acquisition being the date on which the University obtains control and continue to be consolidated until the date when such control ceases. The financial statement of the subsidiary is prepared for the same reporting period as the parent entity using consistent accounting policies. All intra group balances, transactions, unrealized gains or losses resulting from intra group transactions are eliminated in full according to IPSAS 6

n) Foreign transactions

Transactions during the year in foreign currency are converted into Kenya shillings as the rate ruling on the transaction date.

o) Risk disclosure

DeKUT applies risk management concept in its operations and has developed a risk Management policy that ensures that there is reliable and timely risk reporting process that provides credible information of the University's risks and that employees are able to make better decisions and accelerate continuous and breakthrough University's achievements.

The University has exposure to the following financial risks arising from the operations which have been factored in preparation of these accounts:

1) Credit risk

This is the risk that there is

(a) Potential for loss on receivables on the reported creditors falling to pay the required payments for services rendered and also the students failing to pay the total fees due from them.

(b) Accumulation of accounts payables beyond the credit period stipulated in the service charter

To mitigate this, the University management has established a credit policy that regulates and defines debt payment period for both external customers and the students as well Provisions are made in the final accounts for any bad debts that may arise.

The credit quality of trade and other receivables is assessed based on credit policy and University's payables are settled on age-ing basis.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

2) Liquidity Risk

This is the risk that the University

(a) May encounter some difficulty in meeting obligations associated with its financial liabilities.

b) Potential loss or fraud of cash and cash equivalent due to the nature of the assets being most liquid and vulnerable to theft and thus affecting cash flows and eventual liquidity position of the University

c) The University approach to managing liquidity risk is by providing for expenditure in the budget in order to meet its liabilities damage of its reputation. Without incurring unacceptable losses or risking

d) The University also pays for insurance premiums for cash held in safe and on transit while holding all other cash and cash equivalents in the bank for safe custody. There are also elaborate internal control measures under watch of the internal audit department.

3) Market Risk

There is a risk of foreign exchange rates fluctuating and affecting the value of donor funds provisions on the donor funded projects (MAISHA project) due to volatility of Kenya shilling against the dollar.

To manage this the University records donor funds in its books based on the transaction rates at the date of receipt and disbursement recorded at the rate of the date of disbursement and a foreign exchange fluctuation account is maintained and charged accordingly in the accounts.

p) Related party disclosures

between related parties. These disclosures are required for accountability purposes and to allow a better understanding of the financial performance and position of the entity. The standard provides guidance on the identification of related parties and what information should be disclosed. In DeKUT the related parties includes;

i) Government of Kenya capitation grant kshs 620,581,836

ii) Government of Kenya Development grant kshs 55,057,636

iii) Government of Kenya special grant(Salary Arrears) kshs 85,093,092

iii) University Council Allowances kshs 9,158,264

q) Budgetary information

The budgetary information has been disclosed on page 13 and 14 of financial statement. It is the policy of the University to explain all the material difference with a variance above 10% and below (10%) The explanations on material difference between the actual and budget are explained in the annex 1

r) Reserves

Note 10 page 8 of the financial statement shows the accumulated reserves for the University. The reserves comprise accumulated surplus and deficit made by the University its subsidiary.

s) University investment to the farm

breakeven. The University advances the money at 10% interest and it recovers it from all the proceeds of the farm income.

t) Payables

It is the University policy to make payments to the suppliers within 90

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

u) Long Term Loan

The University took a loan of 77,500,000 from Coffee Development Fund. The loan is for rehabilitating University farm. It is payable within three years at an interest rate of 10%. Family bank guaranteed the loan for the three years. The loan was fully paid and cleared during the financial year 2017/2018.

v) Special Grants

During the financial year 2017/2018, the University received Kshs 85,093,092 to implement increment in commuter allowance.

w) Presentation and Disclosures

In the financial year 2017/2018 the University management introduced a vote head of research activities in its financial statements. This necessitated the change in presentation as per IPSAS 1 to enable the financial statements to clearly indicate the research activities in the University.

x) Going Concern

The University management acknowledges that in the year 2017/2018, it made a deficit of Kshs 150,995,869. However nothing has come to the attention of the University Council/Board of management to indicate that the university will not remain a going concern for at least the next twelve months from the date of this statement. The Council and Management has put mitigating measures that will enable the university to continue in operation and meet its statutory obligations for the foreseeable future. (IPSAS 1) The following mitigating measures have been put in place :

i) The University has appealed to Government for review of the recurrent expenditure funding allocation and fully adoption of the Differentiated Unit Cost model (DUC). The Council and management is counting on a positive response on the mother ministry and the national treasury.

ii) The university Council implemented a restructuring strategy by combining administrative divisions from the originally three that were existing to two thus savings on human resources and operational costs. These savings are expected to bring down the deficit. Attached are extracts of the council minutes touching on these deliberations.

iii) The university has frozen employment in none core business areas and have agreed on a strategy to retain staff population at around 479 even when student population has gone up.

iv) The university reorganized teaching to incorporate the new CUE guidelines which have positive impact on quality and cost reduction. These is a continuing effort and once fully implemented it will reduce the cost of part-time teaching by 25%.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
MOVEMENT OF FIXED ASSET AS AT 30 JUNE 2018

PROPERTY, PLANT & EQUIPMENTS

Note 2

	<u>LAND</u>	<u>BUILDING</u>	<u>MOTOR VEHICLES</u>	<u>COMPUTER & ACCESSORIES</u>	<u>PLANT & MACHINERY</u>	<u>TRACTOR</u>	<u>FURNITURE & EQUIPMENTS</u>	<u>WORK IN PROGRESS</u> NOTE 3	<u>TOTAL</u>
	NIL	2%	25%	30%	12.5%	37.5%	12.5%		
Valuation as at 30/6/2016	435,000,000	810,434,079	77,113,693	70,225,463	24,992,766	12,887,572	537,914,789	710,571,172	2,679,139,534
Additions in the Period	-	-	-	583,472	-	-	4,248,414	289,532,783	294,364,669
Transferred From WIP	-	12,919,333	-	-	-	-	-	(12,919,333)	-
As at 30/6/2017	<u>435,000,000</u>	<u>823,353,412</u>	<u>77,113,693</u>	<u>70,808,935</u>	<u>24,992,766</u>	<u>12,887,572</u>	<u>542,163,203</u>	<u>987,184,621</u>	<u>2,973,504,203</u>
Depreciation									
Depreciation as at 30/6/2016	-	63,284,640	59,197,798	59,806,305	15,385,140	9,630,902	178,841,851	-	386,146,636
Charge for the Period	-	15,201,375	4,478,974	3,300,789	1,200,953	1,221,251	45,415,169	-	70,818,512
Depreciation as at 30/6/2017	-	<u>78,486,016</u>	<u>63,676,772</u>	<u>63,107,094</u>	<u>16,586,094</u>	<u>10,852,153</u>	<u>224,257,020</u>	-	<u>456,965,148</u>
Net Book Value as at 30- 6-2017	<u>435,000,000</u>	<u>744,867,396</u>	<u>13,436,921</u>	<u>7,701,841</u>	<u>8,406,673</u>	<u>2,035,419</u>	<u>317,906,183</u>	<u>987,184,621</u>	<u>2,516,539,054</u>
Net Book Value as at 30- 6-2016	<u>435,000,000</u>	<u>747,149,439</u>	<u>17,915,895</u>	<u>10,419,158</u>	<u>9,607,626</u>	<u>3,256,670</u>	<u>359,072,938</u>	<u>710,571,172</u>	<u>2,292,992,897</u>
Valuation as at 30/6/2017	435,000,000	823,353,412	77,113,693	70,808,935	24,992,766	12,887,572	542,163,203	987,184,621	2,973,504,203
Additions in the Period	-	-	-	1,254,800	-	-	8,668,479	159,537,351	9,923,279
As at 30/6/2018	<u>435,000,000</u>	<u>823,353,412</u>	<u>77,113,693</u>	<u>72,063,735</u>	<u>24,992,766</u>	<u>12,887,572</u>	<u>550,831,682</u>	<u>1,146,721,972</u>	<u>2,983,427,482</u>
Depreciation									
Depreciation as at 30/6/2017	-	78,486,016	63,676,772	63,107,094	16,586,094	10,852,153	224,257,020	-	456,965,148
Charge for the Period	-	14,897,348	3,359,230	2,686,992	1,050,834	763,282	40,821,833	-	63,579,519
Depreciation as at 30/6/2018	-	<u>93,383,363</u>	<u>67,036,002</u>	<u>65,794,086</u>	<u>17,636,928</u>	<u>11,615,435</u>	<u>265,078,853</u>	-	<u>520,544,667</u>
Net Book Value as at 30- 6-2018	<u>435,000,000</u>	<u>729,970,049</u>	<u>10,077,691</u>	<u>6,269,649</u>	<u>7,355,838</u>	<u>1,272,137</u>	<u>285,752,829</u>	<u>1,146,721,972</u>	<u>2,622,420,165</u>
Net Book Value as at 30- 6-2017	<u>435,000,000</u>	<u>744,867,396</u>	<u>13,436,921</u>	<u>7,701,841</u>	<u>8,406,673</u>	<u>2,035,419</u>	<u>317,906,183</u>	<u>987,184,621</u>	<u>2,516,539,054</u>

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
NOTES TO THE STATEMENT FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2018

3 <u>WORK-IN-PROGRESS</u>	Description	BAL B/F	ADDITIONS	TRANSFERRED TO BUILDING	TOTAL
Hostels	Buildings	14,619,741			14,619,741
Academic Block P1	Buildings	365,553,639	20,125,910		385,679,549
Academic Block P2	Buildings	88,853,231	20,384,152		109,237,383
Dining Hall	Buildings	224,924,560	6,324,844		231,249,404
Resource III	Buildings	105,211,196	75,850,162		181,061,358
Lecture Hall	Buildings	26,386,545	17,523,564		43,910,109
link Road	Land improvements	85,445,658			85,445,658
Engineering ANNEX	Buildings	68,502,717	10,595,691		79,098,408
Consevaney Phase 11	Buildings	5,275,668	202,913		5,478,581
Abulony Block	Buildings		7,108,510		7,108,510
Unversity Gate	Buildings	2,411,667	1,421,605		3,833,272
Bal c/d		<u>987,184,622</u>	<u>159,537,351</u>	<u>-</u>	<u>1,146,721,973</u>

4 <u>TRADE AND OTHER RECEIVABLES</u>	Main University	University Farm	Consolidated 2017/2018	Consolidated 2016/2017
a. <u>Exchange transactions</u>				
Student debtors	Main campus	79,475,913	79,475,913	103,626,130
Student debtors	Nairobi Campus	53,133,558	53,133,558	90,449,525
Provision for doubtful debt		(6,630,474)	(6,630,474)	(9,703,783)
		<u>125,978,998</u>	<u>125,978,998</u>	<u>184,371,872</u>
Deposits		2,294,143	2,294,143	2,294,143
Sundry debtors		1,286,208	1,286,208	1,255,986
Prepayments (Deposit for farm equipments)		-	-	4,510,943
Farm debtors (coffee sales)		-	2,123,195	2,462,454
Staff debtors		1,948,118	1,948,118	695,258
Interest on farm investment		18,592,380	18,592,380	15,204,665
Investment on KUCT farm		185,923,799	185,923,799	152,046,647
V.A.T. arrears		2,985,164	2,985,164	2,985,164
Impairment of VAT receivables		(2,985,164)	(2,985,164)	(2,985,164)
Total Exchange transactions		<u>336,023,646</u>	<u>2,123,195</u>	<u>338,146,841</u>
b. <u>Non exchange transactions</u>				
MOEST Capital development		-	-	36,772,039
MOEST Salary Arrears		-	-	164,535,639
Total Non-Exchange transactions		<u>-</u>	<u>-</u>	<u>201,307,678</u>
Total Trade and Other Receivables		<u>336,023,646</u>	<u>2,123,195</u>	<u>564,149,645</u>

Nb. VAT arrears has been impaired since it had accrued for a long time.

5 <u>CASH AND BANK BALANCES</u>		Main University	University Farm	Consolidated 2017/2018	Consolidated 2016/2017
<u>Standard chartered bank</u>	A/C NO	KSHS	KSHS	KSHS	KSHS
DEKUT Fee collection A/C	0102045131200	177,300	-	177,300	954,868
DEKUT Fee collection A/C	0102045131201	-	-	-	1,459,405
DEKUT Farm Operating A/C	0102045131202	7,605	-	7,605	1,107,516
DEKUT Fee collection A/C	0102045131203	-	-	-	3,737,572
Call Deposit		34,691,334	-	34,691,334	33,181,836
<u>Consolidated bank</u>					
DEKUT Payment main A/C	10061200000061	-	-	-	-
DEKUT Fee collection A/C	10061200000062	505,672	-	505,672	1,228,514
DeKUT Project A/C	10061203000002	107,084	-	107,084	2,557,599
DEKUT TIVET A/C	10061302000142	405,809	-	405,809	386,938
Call Deposit		22,836,092	-	22,836,092	47,201,589
<u>Family Bank</u>					
DEKUT Payment A/C	055000028807	1,347,810	-	1,347,810	3,010,789
DEKUT Mathira TTI A/C	055000031309	-	-	-	70,700
DEKUT Farm Operating A/C	055000032397	709	-	709	106,587
Call Deposit Mathira TTI		-	-	-	25,807,950
Call Deposit		2,468,650	-	2,468,650	-
<u>Kenya comercial bank</u>					
DEKUT Fee collection A/C	1121318274	927,875	-	927,875	1,869,085
DEKUT Coffee research Fund A/C	1158874847	-	-	-	169,629
<u>Equity bank</u>					
DEKUT Fee collection A/C	1150297300480	1,387	-	1,387	3,679,576
Cash balances		-	-	-	-
Total balance		<u>63,477,326</u>	<u>-</u>	<u>63,477,326</u>	<u>126,530,152</u>

	Main University	University Farm	Consolidated 2017/2018	Consolidated 2016/2017
6 CAPITAL FUND				
Bal as at 1/7/2017	2,009,185,321	(9,990,246)	1,999,195,075	1,758,277,110
Development fund	55,057,636	-	55,057,636	240,917,965
Bal as at 30/6/2018	<u>2,064,242,957</u>	<u>(9,990,246)</u>	<u>2,054,252,711</u>	<u>1,999,195,075</u>
7 RESERVE FUND				
Bal as at 1/7/2017	8,871,599	(143,670,878)	(134,799,279)	(27,362,233)
University Surplus/deficit for the period	(111,875,101)	(39,120,768)	(150,995,869)	(107,437,046)
Bal as at 30/6/2018	<u>(103,003,502)</u>	<u>(182,791,646)</u>	<u>(285,795,148)</u>	<u>(134,799,279)</u>
8 REVALUATION ACCOUNTS				
Bal as at 1/7/2017	588,962,938	5,968,700	594,931,638	590,395,938
Addition in the year	-	(370,000)	(370,000)	4,535,700
Bal as at 30/6/2018	<u>588,962,938</u>	<u>5,598,700</u>	<u>594,561,638</u>	<u>594,931,638</u>
9 RESEARCH GRANTS			<u>2017/2018</u>	<u>2016/2017</u>
CIDA (College of rockies)			774,600	4,285,938
Brigit project			216,810	650,150
Geopower Africa			2,224,647	1,550,365
VLIR Belgium project			3,653,699	1,825,650
Bioacoustics Project			172,223	-
WARUA Project			161,850	-
Data Science Africa Project			1,779,120	-
NRF Project			998,762	-
			<u>9,981,711</u>	<u>8,312,103</u>
10 TRADE AND OTHER PAYABLES				
a. Exchange transactions				
Student creditors Main campus	30,530,678	-	30,530,678	24,191,148
Student creditors Nairobi Campus	2,413,969	-	2,413,969	2,013,914
Trade and other payables	285,160,993	-	285,160,993	261,357,162
Farm creditors (Internal)	-	185,923,799	185,923,799	152,046,647
Interest on investment(internal)	-	18,592,380	18,592,380	15,204,665
Provisions (audit fees)	870,000	-	870,000	870,000
Research grants	2,249,203	-	2,249,203	3,501,234
Total Exchange transactions	<u>321,224,843</u>	<u>204,516,179</u>	<u>525,741,022</u>	<u>459,184,770</u>
b. Non exchange transactions				
Prepayment (AFDB,CUE, HELB)	90,909,381	-	90,909,381	57,647,740
Salary arrears	-	-	-	164,535,639
Capital Development Retention Funds	26,736,395	-	26,736,395	44,627,324
Total Non-Exchange transactions	<u>117,645,776</u>	<u>-</u>	<u>117,645,776</u>	<u>266,810,703</u>
Total Trade and Other Payables	<u>438,870,619</u>	<u>204,516,179</u>	<u>643,386,798</u>	<u>725,995,473</u>

NB. The retention money amount is accumulated figure since the projects started.

	Main University	University Farm	Consolidated 2017/2018	Consolidated 2016/2017
11 BANK OVERDRAFT				
DeKUT Payment main A/C 10061200000061	32,474,587	-	32,474,587	29,179,382
Stanchart 0102045131201	72,703	-	72,703	-
Stanchart 0102045131203	167,120	-	167,120	-
DEKUT Coffee research Fund A 1158874847	1,980	-	1,980	-
Family bank 309	131,735	-	131,735	-
	<u>32,848,125</u>	<u>-</u>	<u>32,848,125</u>	<u>29,179,382</u>

NB:

The university applied for an overdraft facility of Kshs 50 million from Consolidated Bank. The facility is issued with an interest of 14% p.a.

The security for the facility are:

- University Council resolution to borrow Kshs 50 million from Consolidated Bank of Kenya
- Letter of set off
- Letter of Deposit of securities

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
 NOTES TO THE STATEMENT FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2018

12 <u>MATHIRA TTI</u>	<u>2017/2018</u>	<u>2016/2018</u>
Bal B/F	15,380,907	26,208,278
Funds received		-
Expenditure in the period	12,105,272	10,827,371
Retention money	-	-
Balance in the bank	<u>3,275,635</u>	<u>15,380,907</u>

13 <u>MISCELLANEOUS INCOME</u>	<u>2017/2018</u>	<u>2016/2017</u>
Interest From Fixed Deposit	4,033,251	4,000,016
Nyandarua Institute Of Technology	-	374,196
Bookshop Sales	426,340	509,263
Conservancy Sales	127,908	58,185
Coffee Sales	371,710	293,800
Detergent Sales	57,070	6,890
Hawking	29,800	18,600
Library	81,907	54,411
Medical Fee	97,530	60,500
utility fee	671,289	85,285
Transport Hire	129,861	4,464
Yoghurt Sales	30,725	-
ITOHM sale	258,870	437,305
Sewer charges	200	134,570
Conference income	1,705,949	870,766
Sale of treeseedlings	18,490	6,350.00
Total	<u>8,040,900</u>	<u>6,914,600.58</u>

	<u>Main University KSHS</u>	<u>University Farm KSHS</u>	<u>Consolidated 0 KSHS</u>	<u>Consolidated 0 KSHS</u>
14 <u>INVESTMENT</u>	<u>2017/2018</u>	<u>2017/2018</u>	<u>2017/2018</u>	<u>2016/2017</u>
i) One (1) ordinary shares of Ksh 20.00 in Kenya Farmers Association	-	20	20	20
ii) 130175 redeemable ordinary shares of ksh 10.00 each with Kenya Planters Co-operative Union Ltd.	-	1,301,750	1,301,750	1,301,750
Impairment of investment	-	(1,301,770)	(1,301,770)	(1,301,770)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Kenya planters co-operative union Limited is under receivership
 We have impaired the assets awaiting the outcome of receivership.

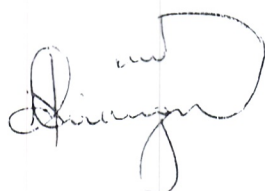
15 <u>BIOLOGICAL ASSETS</u>	<u>Main University</u>	<u>University Farm</u>	<u>Consolidated 2017/2018</u>	<u>Consolidated 2016/2017</u>
i) <u>Livestock</u>	-	4,815,000	4,815,000	5,507,000
ii) <u>Coffee trees</u>				
Number of 180,597 @ 50.00	-	9,029,850	9,029,850	8,707,850
Total	<u>-</u>	<u>13,844,850</u>	<u>13,844,850</u>	<u>14,214,850</u>

This was at net realisable value

16 <u>INVENTORY</u>	<u>Main University</u>	<u>University Farm</u>	<u>Consolidated 2017/2018</u>	<u>Consolidated 2016/2017</u>
Farm stocks	-	1,364,942	1,364,942	3,051,213

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
UNIVERSITY STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

		<u>2017/2018</u>	<u>2016/2017</u>
		<u>KSHS</u>	<u>KSHS</u>
<u>NON-CURRENT ASSETS</u>			
Property Plant and Equipments	NOTE 2	2,622,420,165	2,516,539,054
		<u>2,622,420,165</u>	<u>2,516,539,054</u>
<u>CURRENT ASSETS</u>			
Trade and other receivables (Exchange Transactions)	4 a	336,023,646	360,379,513
Trade and other receivables (Non-Exchange Transactions)	4 b	-	201,307,678
Cash & Bank Balances	5	63,477,326	126,530,152
		<u>399,500,972</u>	<u>688,217,343</u>
TOTAL ASSETS		<u>3,021,921,137</u>	<u>3,204,756,398</u>
<u>FUNDS , RESERVES AND LIABILITIES</u>			
<u>FUNDS</u>			
Capital fund	6	2,064,242,957	2,009,185,321
Reserve fund	7	(103,003,502)	8,871,599
Revaluation reserve	8	588,962,938	588,962,938
		<u>2,550,202,393</u>	<u>2,607,019,858</u>
<u>CURRENT LIABILITIES</u>			
Trade and other payables (Exchange Transactions)	10 a	321,224,843	291,763,829
Trade and other payables (Non-Exchange Transactions)	10 b	117,645,776	266,810,702
Bank overdraft	11	32,848,125	29,179,382
		<u>471,718,744</u>	<u>587,753,913</u>
<u>NON CURRENT LIABILITIES</u>			
Long term borrowings (loan)		-	9,982,628
		-	<u>9,982,628</u>
TOTAL FUNDS , RESERVES AND LIABILITIES		<u>3,021,921,137</u>	<u>3,204,756,398</u>



Prof. P.N. Kioni
Vice Chancellor



CPA. Beatrice Mwangi
Ag. Finance Officer

EDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

<u>INCOME</u>	<u>NOTE</u>	<u>2017/2018.</u> <u>KSHS</u>	<u>2016/2017</u> <u>KSHS</u>
<u>Revenue from exchange transactions</u>			
Ministry grant - Recurrent	17	620,581,836	551,580,649
Special grant (Salary Arrears)	17	85,093,092	70,643,644
<u>Revenue from non-exchange transactions</u>			
Tuition & other fees	18	420,382,681	521,030,149
Other income	19	<u>89,451,902</u>	<u>65,476,780</u>
TOTAL		1,215,509,511	1,208,731,222
<u>LESS EXPENDITURE</u>			
Personnel cost	20	957,033,022	886,124,952
Central services	21	143,931,240	156,334,498
Council allowance	22	9,158,264	8,736,167
Maintenance cost	23	8,839,696	10,459,835
Student welfare	24	22,218,469	10,624,784
Research Activities	25	25,512,459	26,886,409
Academic costs	26	47,101,096	55,314,952
Administrative cost	27	16,974,372	19,010,070
Nairobi campus expenses	28	<u>25,536,001</u>	<u>27,195,497</u>
EXPENDITURE		1,256,304,619	1,200,687,163
Add provision for depreciation	2	63,579,519	70,818,512
Add provision for doubtful debt (students fee)		6,630,474	9,703,783
Add provision for Audit Fee	13	<u>870,000</u>	<u>870,000</u>
TOTAL EXPENDITURE		<u>1,327,384,612</u>	<u>1,282,079,458</u>
Surplus/deficit for the year		<u>(111,875,101)</u>	<u>(73,348,235)</u>

	<u>2017/2018</u> <u>BUDGET</u>	<u>2017/2018</u> <u>ACTUAL</u>	<u>2016/2017</u> <u>ACTUAL</u>	<u>VARIANCE</u>	<u>VARIANCE</u> <u>%</u>
INCOME					
REVENUE FROM NON EXCHANGE TRANSACTIONS (NOTE 16)					
	KSHS	KSHS	BALANCE	KSHS	KSHS
17 CAPITATION GRANT					
Ministry grant - Recurrent	620,581,841	620,581,836	551,580,649	(5)	(0)
Special grant (Salary Arrears)	85,093,092	85,093,092	70,643,644	-	-
	705,674,933	705,674,928	622,224,293	(5)	
REVENUE FROM EXCHANGE TRANSACTIONS (NOTE 17 & 18)					
18 TUITION AND OTHER FEES					
Tuition and other fees (Main Campus)	520,618,495	371,087,123	396,813,735	(149,531,372)	(29)
Tuition and other fees (Nairobi Campus)	55,000,000	49,295,558	87,647,960	(5,704,442)	(10)
TIVET FEES	-	-	36,568,454	-	-
	575,618,495	420,382,681	521,030,149	(155,235,814)	
19 OTHER INCOMES					
Rent	400,000	387,200	427,200	(12,800)	(3)
Miscellaneous income (Note 13)	8,000,000	8,040,900	6,914,601	40,900	1
Research Grants (Note 9)	10,942,865	9,981,711	8,312,103	(961,154)	(9)
Kitchen sales	24,000,000	25,545,909	23,790,840	1,545,909	6
KUSA Games	15,078,300	14,798,530	-	(279,770)	(2)
Interest on KUCT farm investment	18,050,000	18,592,380	15,204,665	542,380	3
Mathira TTI (Note 12)	-	12,105,272	10,827,371	-	-
TOTAL OTHER INCOME	76,471,165	89,451,902	65,476,780		
TOTAL INCOME	1,357,764,593	1,215,509,511	1,208,731,222		
20 PERSONNEL COSTS					
Basic Salaries	427,103,723	392,409,854	336,130,097	34,693,869	8
Salary Arrears	35,455,455	35,455,455	70,643,644	-	-
Casual workers	38,750,000	42,397,897	30,637,877	(3,647,897)	(9)
Part time teaching	60,008,763	60,993,950	76,839,220	(985,187)	(2)
Gratuity and pension	62,756,730	61,474,965	49,202,655	1,281,765	2
House to Office allowance	65,000,000	60,789,466	39,037,632	4,210,534	6
Other personal allowances	80,220,000	74,073,972	75,880,539	6,146,028	8
Passage and Baggage	206,000	222,340	202,340	(16,340)	(8)
Group life (pension) insurance	3,500,000	3,390,740	3,699,827	109,260	3
House allowances	230,633,047	211,129,209	198,573,336	19,503,838	8
Graduate sponsorship programme	13,000,000	12,167,579	2,750,000	832,421	6
Leave allowance	2,529,350	2,527,595	2,527,785	1,755	0
	1,019,163,068	957,033,022	886,124,952	62,130,046	
21 CENTRAL SERVICES					
Electricity expenses	12,266,468	12,983,991	12,025,949	(717,523)	(6)
Water expenses	7,255,000	7,578,179	6,381,897	(323,179)	(4)
Misc. other charges	-	-	2,650	-	-
Vehicle licenses & insurance	1,622,437	1,679,390	1,111,306	(56,953)	(4)
Insurance premiums	5,300,000	4,810,144	4,917,640	489,856	9
Vehicle fuel and oil	7,000,000	6,394,680	9,213,576	605,320	9
Publishing & Printing	900,000	849,459	2,176,686	50,541	6
Advertising and Publicity	7,500,000	7,083,346	6,901,685	416,654	6
Marketing Expenses	1,200,000	1,110,132	1,775,728	89,868	7
Telephone expenses	2,100,000	2,021,570	2,341,009	78,430	4
Postal expenses	90,000	84,300	135,879	5,700	6
Bank charges/ interest	5,937,394	5,525,349	6,547,794	412,045	7
Exchange Programme	800,000	769,422	-	30,578	4

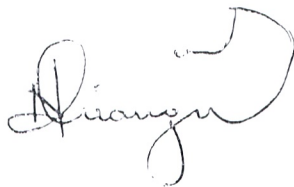
	<u>2017/2018</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>VARIANCE</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>		<u>%</u>
	<u>KSHS</u>	<u>KSHS</u>	<u>BALANCE</u>	<u>KSHS</u>	<u>KSHS</u>
Bank loan interest	250,000	224,986	2,558,403	25,014	10
Purchase of uniforms	600,000	582,736	152,550	17,264	3
Conferences and seminars	2,024,250	2,119,348	5,386,400	(95,098)	(5)
Public celebrations/Demise	330,000	324,000	308,500	6,000	2
Purchase of Drugs	2,000,000	1,838,567	1,852,739	161,433	8
Medical expenses	24,000,000	22,714,249	23,580,388	1,285,751	5
Optical and Dental	2,091,122	1,891,436	2,943,926	199,686	10
University Public Functions	95,000	87,950	637,300	7,050	7
Contracted professional services	125,000	120,000	882,895	5,000	4
Legal expenses	550,000	502,243	2,356,511	47,757	9
Catering	25,240,358	23,230,935	23,240,358	2,009,423	8
Utensils and Crockery	440,000	400,304	35,840	39,696	9
Cleaning materials	1,000,000	1,027,255	1,587,979	(27,255)	(3)
Hygiene services	300,000	289,030	300,300	10,970	4
Fumigation Services	125,000	121,125	16,000	3,875	3
Internet services	9,000,000	8,835,571	14,457,279	164,429	2
Set up of ICT infrastructure	1,400,000	1,306,812	1,359,932	93,188	7
External travelling	3,000,000	2,966,640	3,401,182	33,360	1
Gas and fuel	1,000,000	923,280	839,880	76,720	8
Training expenses	11,000,000	10,591,920	7,594,692	408,080	4
Subscription to professional bodies	350,000	373,510	592,241	(23,510)	(7)
Security services	6,000,000	5,595,500	5,764,909	404,500	7
Book shop expenses	300,000	293,135	389,135	6,865	2
Performance Contract	350,000	326,660	201,056	23,340	7
Show and Exhibitions Expenses	1,600,000	1,493,732	1,230,978	106,268	7
Linkages	25,000	23,280	-	1,720	7
Staff Entertainment	271,500	266,587	215,990	4,913	2
Work permit	450,000	425,450	-	24,550	5
Levies (NEMA/NITA/Energy board)	2,500,000	2,249,203	-	250,797	10
DKUT Affiliation Associations	1,000,000	977,000	-	23,000	2
Newspapers	450,000	426,760	897,252	23,240	5
Conservancy Expenses	500,000	492,074	18,084	7,926	2
	150,338,529	143,931,240	156,334,498	6,407,289	
22 CHANCELLOR/COUNCIL ALLOWANCE					
Chancellor Allowance	1,289,500	583,323	1,284,000	706,177	55
Chairman Allowance	1,044,000	1,044,000	1,032,774	-	-
Sitting Allowance	5,000,000	4,824,500	4,130,000	175,500	4
Council Insurance	657,614	657,614	-	-	-
Travelling & Accommodation	2,273,150	2,048,827	2,289,393	224,323	10
	10,264,264	9,158,264	8,736,167	1,106,000	
23 MAINTENANCE COSTS					
Maintenance Vehicle	3,380,000	3,075,628	3,457,400	304,372	9
Maintenance of equipment	2,400,000	2,156,197	2,965,842	243,803	10
Maintenance Water and sewerage	380,000	347,480	238,990	32,520	9
Maintenance of Buildings	2,800,000	2,649,233	2,730,405	150,767	5
Maintenance of roads/grounds	350,000	314,608	464,942	35,392	10
Maintenance of computers/printer	150,000	137,800	162,756	12,200	8
Asset tagging	150,000	158,750	439,500	(8,750)	(6)
	9,610,000	8,839,696	10,459,835	770,304	
24 STUDENTS WELFARE					
KUSA Games Expenses	14,500,000	13,601,999	-	898,001	6
Sports and Games	3,500,000	3,329,925	3,022,780	170,075	5
Students insurance	-	-	903,381	-	-
Student benevolent fund	350,000	314,995	442,680	35,005	10
Mt. Kenya expedition climb to educate	1,000,000	913,550	1,140,225	86,450	9
Work-study	650,000	592,130	851,043	57,870	9
Outreach programs	15,000	16,340	252,883	(1,340)	(9)
Students conference/workshops	-	-	-	-	-
Student Awards	400,000	383,680	378,055	16,320	4
Student bursary	1,000,000	934,000	292,920	66,000	7

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

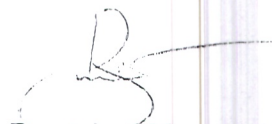
	<u>2017/2018</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>VARIANCE</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>		<u>%</u>
	<u>KSHS</u>	<u>KSHS</u>	<u>BALANCE</u>	<u>KSHS</u>	<u>KSHS</u>
Counseling expenses	101,500	94,985	426,010	6,515	6
Entertainment	500,000	466,966	823,901	33,034	7
Kimathi students union allow	1,543,500	1,513,999	1,453,419	29,501	2
Sports equipments	60,000	55,900	637,487	4,100	7
	23,620,000	22,218,469	10,624,784	1,401,531	
25 RESEARCH ACTIVITIES					
Internal grants	1,250,000	1,325,119	2,995,819	(75,119)	(6)
International Conference	1,000,000	1,021,033	-	(21,033)	(2)
Innovation and technology	200,000	187,699	261,230	12,301	6
DeHub	200,000	213,175	287,093	(13,175)	(7)
Science park	250,000	249,570	2,520,163	430	0
Wind energy (Nairutia)	450,000	428,880	1,600,981	21,120	5
Geo-power Africa project	-	2,224,647	1,550,365	(2,224,647)	
NRF Project	-	998,762	-	(998,762)	
Maisha Project	-	774,600	4,285,938	(774,600)	
Data Science Africa Project	-	1,779,120	-	(1,779,120)	
Servir project	-	-	81,640	-	
Bioacoustics Project	-	172,223	-	(172,223)	
WARUA Project	-	161,850	-	(161,850)	
Brigit project	-	216,810	650,159	(216,810)	
VLIR-Belgium project	-	3,653,699	1,825,650	(3,653,699)	
Mathira TTI	-	12,105,272	10,827,371	(12,105,272)	
	3,350,000	25,512,459	26,886,409	(22,162,459)	
26 ACADEMIC COSTS					
External examination	6,400,000	6,443,635	5,186,463	(43,635)	(1)
Examination materials	4,200,000	4,123,478	3,819,750	76,522	2
Attachment expenses	3,400,000	3,131,892	4,697,827	268,108	8
Traveling and accommodation	2,000,000	2,188,363	1,919,733	(188,363)	(9)
Payment of use of lab	80,000	75,200	177,400	4,800	6
Library	800,000	770,861	1,211,132	29,139	4
Field courses	1,500,000	1,381,881	1,525,841	118,119	8
Coffee Centre	70,000	64,182	82,318	5,818	8
Yogurt expenses	150,000	158,329	-	(8,329)	(6)
Graduation expenses	8,140,500	7,524,801	13,352,794	615,699	8
Teaching materials	1,800,000	1,747,958	3,601,153	52,042	3
CUE Institutions Accreditations	2,500,000	2,500,000	-	-	0
KUCCPS admission expenses	1,300,000	1,285,885	2,760,775	14,115	1
Purchase of software	1,000,000	998,992	1,501,639	1,008	0
Hire of teaching facilities	5,500,000	5,278,464	3,458,417	221,536	4
Purchase of Gowns	-	-	1,535,040	-	0
Launch of MBA & PHD Programmes	50,000	54,576	2,463,990	(4,576)	-9
Curriculum Development	400,000	376,535	836,953	23,465	6
Siemens	5,040,000	5,381,375	2,254,037	(341,375)	(7)
TIVET	1,587,500	1,549,425	2,617,150	38,075	2
Final year project	2,000,000	1,960,264	2,195,136	39,736	2
Internship	100,000	105,000	117,403	(5,000)	(5)
	48,018,000	47,101,096	55,314,952	916,904	
27 ADMINISTRATIVE COSTS					
Travelling and accommodation	5,450,000	5,911,551	5,313,422	(461,551)	(8)
Committee Facilitation	545,982	535,400	1,842,670	10,582	2
Staff Welfare	2,228,245	2,075,880	2,392,475	152,365	7
Guest house Expenses	250,000	256,203	292,048	(6,203)	(2)
Corporate social responsibilities	250,000	257,200	178,000	(7,200)	(3)
Alumni Association	750,000	770,290	17,490	(20,290)	(3)
Recruitment expenses	12,500	13,000	76,000	(500)	(4)
ISO Expenses	500,000	496,924	212,224	3,076	1
Stationery and stores	6,500,000	6,657,924	8,685,741	(157,924)	(2)
	16,486,727	16,974,372	19,010,070	(487,645)	
28 NAIROBI CAMPUS					
Nairobi Campus Expenses	27,750,000	25,536,001	27,195,497	2,213,999	8
	27,750,000	25,536,001	27,195,497	2,213,999	

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
 FARM STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

		<u>2017/2018</u> KSHS	<u>2016/2017</u> KSHS
<u>NON-CURRENT ASSETS</u>			
Investments	NOTE 14	-	-
Biological assets	15	13,844,850	14,214,850
		<u>13,844,850</u>	<u>14,214,850</u>
<u>CURRENT ASSETS</u>			
Inventories	16	1,364,942	3,051,213
Trade and other receivables	4	2,123,195	2,462,454
		<u>3,488,137</u>	<u>5,513,667</u>
TOTAL ASSETS		<u>17,332,987</u>	<u>19,728,517</u>
<u>FUNDS , RESERVES AND LIABILITIES</u>			
FUNDS			
Capital fund	6	(9,990,246)	(9,990,246)
Revaluation reserve		5,598,700	5,968,700
Reserve fund	7	(182,791,646)	(143,670,877)
		<u>(187,183,192)</u>	<u>(147,692,423)</u>
<u>CURRENT LIABILITIES</u>			
Trade and other payables	10	204,516,179	167,420,940
		<u>204,516,179</u>	<u>167,420,940</u>
TOTAL FUNDS , RESERVES AND LIABILITIES		<u>17,332,987</u>	<u>19,728,517</u>



Prof. P.N. Kioni
 Vice Chancellor



CPA. Beatrice Mwangi
 Ag. Finance Officer

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
 FARM TRADING ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

			<u>2017/2018</u>	<u>2016/2017</u>
	<u>NOTE</u>		<u>KSHS</u>	<u>KSHS</u>
Gross sales income	29		17,517,151	17,497,972
			17,517,151	17,497,972
LESS COST OF SALES				
Stock 1/7/2017			3,051,213	6,110,861
Add		Horticulture expenses	1,987,131	1,321,360
	30	Coffee expenses	22,798,358	23,205,609
	31	Livestock expenses	4,703,968	2,877,356
	32		32,540,670	33,515,186
Less stock 30/6/2018	16		1,364,942	3,051,213
Cost of sales			31,175,728	30,463,973
Gross profit/ Loss			(13,658,577)	(12,966,001)
Less overhead expenses	33		25,462,191	21,122,810
Net farm profit/ Loss			(39,120,768)	(34,088,811)

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
 NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018
 FARM ACCOUNTS

NOTE		<u>2017/2018</u>	<u>2016/2017</u>
		<u>ACTUAL</u>	<u>ACTUAL</u>
		<u>KSHS</u>	<u>KSHS</u>
29	<u>Revenue</u>		
	Coffee	9,094,931	8,528,363
	Milk	3,467,424	3,513,516
	Horticulture	1,472,665	1,967,870
	Livestock Sales	1,086,248	372,440
	Miscellaneous	10,900	14,160
	Charcoal Sales	804,463	1,740,123
	Grant		443,100
	Coffee seedlings	1,580,520	918,400
		<u>17,517,151</u>	<u>17,497,972</u>
	<u>Expenditure</u>		
30	<u>HORTICULTURE EXPENSES</u>		
	Seeds-Hort	396,895	85,800
	Horticulture - Labour	1,311,541	1,069,525
	Chemicals-Hort	173,045	109,020
	Fertilizers-Hort	105,650	4,015
	Organic manure	-	53,000
		<u>1,987,131</u>	<u>1,321,360</u>
31	<u>COFFEE EXPENSES</u>		
	Certified coffee seeds	-	80,000
	Farm inputs	82,140	160,995
	Coffee Labour	5,859,125	6,893,752
	Coffee hole digging	-	184,000
	Coffee picking expenses	198,650	-
	Fertilisers-coffee	165,600	1,708,200
	Organic manure	-	447,850
	Herbicides-Coffee	629,142	163,540
	Fungicides-coffee	94,800	79,000
	Insecticides-coffee	484,549	302,785
	Coffee nylex & sisal twine	60,485	18,930
	Gratuity and Pension	990,072	988,813
	Administration salaries	12,543,011	12,177,744
	salary arrears	1,690,784	-
		<u>22,798,358</u>	<u>23,205,609</u>

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY
 NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2018
 FARM ACCOUNTS

	<u>2017/2018</u>	<u>2016/2017</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>
32 <u>LIVESTOCK EXPENSES</u>		
Feeds/Fodder	2,505,210	1,520,850
Labour - Livestock	1,031,389	907,270
vetinary bills & A.I	464,384	205,437
Grooming and local treatment	48,205	16,059
Acaricides	66,300	-
piggery feeds	545,330	95,740
Polythene & Twine-Dairy	43,150	132,000
	<u>4,703,968</u>	<u>2,877,356</u>
33 <u>OVERHEAD EXPENSES</u>		
Buildings maintenance	245,820	105,783
Machinery maintenance	843,319	597,388
Electricity-irrigation	2,426,072	2,115,634
Electricity-wet mill	64,877	31,925
Electricity- office/stores/dairy	118,045	98,861
Travel & Subsist	171,538	152,877
Stationery & printing	62,439	65,866
Security	18,000	10,000
Licences and legal fees	63,554	40,103
Seminars & Workshops	58,900	8,950
Insurance	774,184	95,066
Staff entertainment	164,122	168,160
Fuel and oils	927,775	1,051,438
Telephone	500	200
Protective clothing	2,440	450
Internet connections		10,000
Postal & Courior charges	10,960	7,480
Cleaning Materials	10,538	19,823
Packaging materials	12,430	65,070
Printing & Publishing	71,000	25,500
Interest on investment	18,592,380	15,204,665
Coffee Nursery project	-	363,100
Indirect labour	823,298	884,471
	<u>25,462,191</u>	<u>21,122,810</u>