

REPUBLIC OF KENYA



6 JUL 2016

*Report 2015
for the readers of
the majority party
Hon. Alex Duale
on Tuesday 27.7.16
[Signature]*

OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
RONGO UNIVERSITY COLLEGE

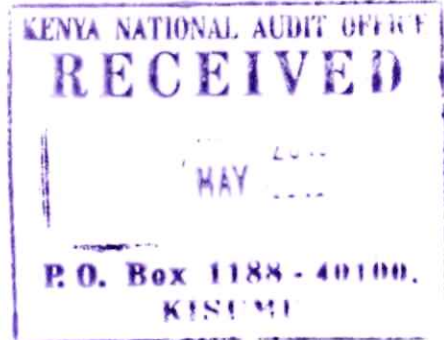
FOR THE YEAR
ENDED 30 JUNE 2015





RONGO

UNIVERSITY COLLEGE



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Rongo University College is a public institution which was established by the Government of Kenya through Legal Notice NO.70, Kenya Gazette Supplement NO.51, on 17th June 2011 as a Constituent College of Moi University. Prior to the gazettelement, it was a Satellite Campus of Moi University from the year 2008 and formally an Institute of Science and Technology, otherwise known as Moi Institute of Technology, (MIT).

VISION

To be a world class technology driven university in learning and practice.

MISSION

To provide high quality education through teaching, research, community service and nurture innovative graduates.

CORE VALUES

1. Integrity
2. Equity
3. Professionalism
4. Teamwork
5. Innovation and adaptability
6. Social responsibility

(b) Principle Activities

The principle activities of the University College are stipulated in the Legal Notice no. 70 of June 2011.

Part 2 section 4(1) of legal notice provides the functions and objectives of the University College which include:

- a) To provide directly , or in collaborations 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;
- b) To participate in the research, transmission, preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) To provide and advance university education and training to appropriately qualified candidates, leading to the 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;
- d) To conduct examinations for such academic awards as may be provided in the statutes pertaining to the university college;
- e) To examine and make proposals for new faculties, schools, institutes departments, resource and research centers, degree courses and subjects of study;
- f) To play a leading role in the development and expansion of the opportunities for higher education and research;
- g) To contribute to industrial and technological development through innovations and technology transfer;
- h) To develop as an institution of excellence in teaching, training, scholarships, entrepreneurship, innovation, research and consultancy services;
- i) To participate in commercial ventures and other activities for the benefit of the institution, the community and stakeholders;
- j) To contribute to agriculture, industrial and technological development in Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;

(c) Key Management

Rongo University College day-to-day management is under the following key organs:

1. Management Board
2. Academic Board
3. School Management Boards
4. School Academic Board
5. Departmental Boards

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

- | | |
|----------------------------------|---|
| 1. Mr. Julius Kipkeny Kolil | Member/ Ag. Chairperson |
| 2. Dr. Nathan Kitio Psiwa | Member |
| 3. Mrs. Beatrice Muthoni Mwaniki | Member |
| 4. Mrs. Anna Ngibuini Mwaure | Member |
| 5. Mrs. Jacinta Aluoch Odhiambo | Member |
| 6. Mr. Archer Arina Omolo | Rep. PS, Ministry of Education Science and Technology |
| 7. Mr. Shem Nyakutu | Rep. PS, National Treasury |
| 8. Prof. Samuel Gudu | CEO& Secretary to the Council |

(e) Fiduciary Oversight Arrangements

I. Human Resource, Finance & Resource Mobilization Committee (HFRC)

Committee Members:

- | | | |
|---------------------------------|---|---------------------|
| 1. Mrs. Jacinta Aluoch Odhiambo | - | Chairperson |
| 2. Mr. Archer Arina Omolo | - | Member |
| 3. Mr. Julius Kipkeny Kolil | - | Member |
| 4. Prof. Samuel Gudu | - | Secretary/Principal |

Roles of HFRC

1. To consider qualified candidates for filling vacant positions in the University College in accordance with the job descriptions for the various positions.
2. To recommend to Council the appointment of suitable candidate(s) after considering all the requirements for the position or in case of there being no suitable candidates to recommend re-advertisement of the position
3. To recommend to Council, improvements in the job grading classifications as the Committee may consider appropriate
4. To review and make recommendations to Council on Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time
5. To examine and make recommendations to Council on salaries, Terms and Conditions of Service for all University Employees
6. To consider and advise Council on actions to be taken in regard to disciplinary matters for staff on academic and non-academic terms of service
7. To explore ways of raising funds for the University College, both internally and externally
8. To act on behalf of Rongo University College (RUC) on all issues concerning Resource Mobilization and Income Generating Activities

9. To provide linkages and synergy amongst all Income Generating Activities
10. To develop appropriate and conducive policies to guide and promote Resource Mobilization and income Generating Activities in the University College
11. To recommend to Council the provision of Capital for potential Income Generating Activities
12. To approve performance contract report on behalf of Council
13. To be in charge of overall University College Planning, including University College Master Plan and Strategic Plan
14. To take charge of all arrangement for erection of new buildings once the finances have been made available
15. To receive and consider the report on the performance of various contractors for the proceeding tender of contract period
16. To be responsible for authorizing expenditure for all maintenance work with the provision that the Committee will have authority to delegate the minor maintenance work to an executive sub-committee of the University College
17. To recommend and to effect as appropriate any modification in physical facilities as may be necessary
18. To recommend to Council on acquisition of new fixed assets including land and to advise council on utilization of such assets and land

II. Academic Affairs & Appeals Committee (AAC)

Committee Members:

- | | | | |
|----|------------------------------|---|-------------|
| 1. | Dr. Nathan Kitio Psiwa | - | Chairperson |
| 2. | Mrs. Anna Ngibuini Mwaure | - | Member |
| 3. | Mrs. Jacinta Aluoch Odhiambo | - | Member |
| 4. | Mr. Archer Arina Omolo | - | Member |

Roles of AAC

1. To advise the University College on Policy for Research and Training
2. To develop and review statutes for the University College
3. To approve requests for use of the University College Seal
4. To approve recommendations for award of Honorary Degrees of the University College
5. To receive and consider any appeals of staff who decide to appeal disciplinary decisions made by the HFRC against them
6. To receive and consider appeals from students who decide to appeal decisions made by Senate; except decisions concerning examination matters
7. To make recommendations to Council on the Appeal cases

III. Audit Committee (AC)

Committee Members

- | | | | |
|----|-------------------------------|---|-------------|
| 1. | Mrs. Beatrice Muthoni Mwaniki | - | Chairperson |
| 2. | Mrs. Anna Ngibuini Mwaure | - | Member |
| 3. | Mr. Shem Nyakutu | - | Member |
| 4. | Dr. Nathan Kitio Psiwa | - | Member |

Roles of AC:

1. Assisting the Accounting Officer/Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability
2. Reviewing audit issues raised by both internal and external auditors
3. Resolving unsettled and unimplemented Public Accounts and Public Investment Committees (PAC/PIC) recommendations
4. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
5. Risk management

IV. Executive Committee (EC)

Committee Members:

- | | | | |
|----|-------------------------------|---|---------------------|
| 1. | Mr. Julius Kipkeny Kolil | - | Chairperson |
| 2. | Mr. Shem Nyakutu | - | Member |
| 3. | Mr. Archer Arina Omollo | - | Member |
| 4. | Mrs. Beatrice Muthoni Mwaniki | - | Member |
| 5. | Prof. Samuel Gudu | - | Secretary/Principal |

Roles of EC

1. To handle urgent business on behalf of Council
2. To pay due regard to necessity to refer matters of major importance to the Council for final approval. For instance, the Committee shall not have power to approve the Annual Estimates and Expenditure

(f) Rongo University College Headquarter

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

(g) Rongo University College Contacts

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

(h) Entity Bankers

- 1) National Bank of Kenya
P.O. Box 200 Sare,
Awendo
- 2) Kenya Commercial Bank
P.O. Box 266-40404,
Rongo
3. Cooperative Bank of Kenya
P.O. Box40560 - 4040
Rongo



(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE COUNCIL MEMBERS

MEMBER	DETAILS
 <p>1. Mrs. Beatrice Muthoni Mwaniki</p>	<p>Date of Birth: 4th October, 1953</p> <p>Work Experience: Served in the Teachers Service Commission for over 10 years in different capacities including:</p> <ul style="list-style-type: none"> ▪ Principal Human Resource Development (HRD) Officer; ▪ Assistant Deputy Secretary HRD; ▪ Deputy Secretary HRD. <p>Qualifications:</p> <ul style="list-style-type: none"> ▪ MSc. Human Resource Development—University of Manchester, UK. ▪ Bachelor of Education Arts—Kenyatta University College ▪ East Africa Advance Certificate of Education (EAACE) ▪ East Africa Certificate of Education (EACE) ▪ Kenya Certificate of Primary Education (KCPE)
 <p>2. Mr. Julius Kipkeny Kolil</p>	<p>Date of Birth: 1st January, 1955</p> <p>Work Experience: Mr. Kolil is a career banker who has worked in the Kenya Commercial Bank for 25 years in various capacities including:</p> <ul style="list-style-type: none"> ▪ Group Head of Operational Risk and Compliance ▪ Area Director, Nairobi Region ▪ Area Director, Mount Kenya Region ▪ Branch Manager in 6 different branches <p>Qualifications:</p> <ul style="list-style-type: none"> ▪ MBA, Strategic Management—University of Manstrietch at Eastern & Southern Africa Management Institute, Tanzania ▪ BCom. Accounting Option—University of Nairobi ▪ EAACE ▪ EACE ▪ Certificate of Primary Education (CPE)
	<p>Date of Birth: 18th April, 1966</p> <p>Work Experience: Over 20 years working at the Ministry of Health and Kenyatta National Hospital as a Dentist & Consultant Orthodontist (2006-2011)</p> <p>Qualification:</p> <ul style="list-style-type: none"> ▪ Msc. Dental Surgery—University of Western Cape, South Africa



3. Dr. Nathan Kitio Psiwa

- Bachelor of Dental Surgery—University of Nairobi
- A-Level



4. Mrs. Jacinta Aluoch Odhiambo

Date of Birth: 20th June, 1969

Work Experience:

- Partnership and Advocacy Manger Forum for African Women, FAWE (2014 to date)
- Program Manager, Forum for African Women Educationalist Regional Secretariat (2010 to date)
- Senior Teacher, French Language in various institutions (1995-2010)
- Pearl House Services Ltd (2006-2008)
- Founder Director, Mobile Education for Life International (MELI)

Qualification:

- MA, Sustainable International Development—Brandeis University, Heller School for Social Policy & Management, Waltham, MA, USA.
- B.A Education, French & Business Studies—Kenyatta University



5. Mrs. Anna Ngibuini Mwaure

Date of Birth: 14th April, 1959

Work Experience:

- Has worked as a Magistrate in Makadara and Nairobi Law Courts for over 4 years
- An Advocate of the High Court
- General Counsel for World Vision Kenya (2003-2005)
- Lecturer in Legal and Leadership seminars
- Founder Member and Partner at Mwaure & Mwaure Waihiga Advocates

Qualifications:

- MA in Communication—Daystar University
- Diploma in Legal Education—Kenya School of Law
- LLB Hons.—University of Nairobi
- A-Level
- CPS(K)
- Member of LSK



6. Mr. Shem Nyakutu

Date of Birth: 1967

Work Experience:

Has worked in the Public Service for over 23 years at the Ministry of Lands and The National Treasury

- Currently Acting Senior Deputy Director of Pensions at the National Treasury
- Deputy Director of Pensions at The National Treasury
- Secretary Defence Forces Pensions Assessment Board
- Deputizes the CEO at the National Treasury
- Representative of the PS, National Treasury at Rongo University College Council & Pwani University Council

Qualification:

- Msc. Finance
- BA Geography & Sociology
- LLB
- A-Level



7. Mr. Archer Arina Omollo

Date of Birth: 23RD April, 1967

Work Experience:

Mr. Arina has over 16 years of administrative work at the Ministry of Education, currently Ministry of Education, Science and Technology (MoEST) in various capacities:

- Representative of the PS, MoEST at Rongo University College
- Assistant Director of Education, MoEST
- Senior Education Officer, MoEST,
- Deputy District Officer in various Districts

Qualifications:

- Msc. In Technological Economics & Management—Southwest Jiaotong University, China
- Bsc. Agricultural Education & Extension—Egerton University
- A-Levels
- O-Levels
- CPE



8. Prof. Samuel Gudu

Date of Birth: 16th August, 1956

Work Experience:



Prof. Samuel Gudu is a world renowned scientist who has worked in the University for over 30 years rising steadily within the ranks from a Graduate Assistant to Professor. He has held the following positions over his University Career:

- Principal Rongo University College since 2012 to date
- Ag. VC, Moi University on Several occasions
- DVC, Planning & Development, Moi University for 10 years
- Ag. Principal Chepkoilel Campus for 1 year
- Director of Research Moi
- Ag. Dean Faculty of Sciences at Moi University
- HoD, Botany, Moi University.

Qualifications:

- PhD, Genetics & Biotechnology – Guelph, Canada
- Msc. Genetics & Plant Breeding – University of Nairobi
- Bsc. Agriculture (Hons) – Moi University
- A-Levels
- O-Levels

III. MANAGEMENT TEAM

MEMBER	RESPONSIBILITY
 <p>1. Prof. Samuel Gudu PhD (Genetics in Molecular Biology), MSc (Genetics and Plant Breeding), BSc (Agriculture)</p>	<p>Principal</p> <ul style="list-style-type: none"> (i) Providing innovative and visionary leadership; (ii) Creating and sustaining a highly motivated and participatory management team; (iii) Following-up the strategic and vision plan of the University College (iv) Maintaining and promoting the academic standard of the University College and its public relations; (v) Mobilizing financial support (vi) Maintaining and promoting international linkages with other institutions of higher learning; (vii) Promoting efficiency and good management
 <p>2. Prof. Stanley Shitote PhD (Civil Eng.), MSc (Civil Eng.), BSc (Civil Eng.), Member of the Institution of Engineers of Kenya (MIEK), Registered Engineer (R .Eng), Member of the Kenya Institute of Management (MKIM)</p>	<p>Deputy Principal (Administration, Finance and Planning)</p> <ul style="list-style-type: none"> (i) Management of Human Resource Planning and Development (ii) Management of Planning, Physical infrastructure and Development (iii) Coordination of Financial functions



3.

Prof. Augustino Onkware

PhD, Plant Physiology

MSc Botany, Plant Physiology and Biochemistry

BSc (Biology)

Deputy Principal (Academic and Students Affairs)

- (i) Management of Research
- (ii) Management of Extension
- (iii) Management of External Liaison
- (iv) Management of academic and student affairs



4.

CPA Janet Chumba

MBA (Finance),

BBA (Accounting)

CPA (K)

Member of Institute of Chartered Public Accountants (ICPAK)

Finance Officer

- (i) Organizing the accounting and finance unit
- (ii) Developing & Implementing adequate accounting systems
- (iii) Overall operation and supervision of finance function in the system.
- (iv) Maintaining accounting standards within the department.



5. **Mr. John Oluoch**
MPhil.(Communication Studies),
PG. Diploma (Public Relations),
B.Ed. (Hons),
MPRSK

Director, Privately Sponsored Students Programme

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

IV. CHAIRMAN'S STATEMENT

It is my great privilege to present to our stakeholders the Annual Report as well as Financial Statements of Rongo University College for the financial year ended 30th June, 2015. This annual report helps us to reflect on our performance for the year giving us an opportunity to celebrate our success and at the same time identify areas of improvement.

Education sector overview

Despite an exponential increase in number of public universities in Kenya in the last three years, the number of Kenyans who qualified to pursue higher education far outstrips the capacity of universities in Kenya. In 2014, the total number of 149,717 attained the minimum university entry qualification compared to 123,365 in 2013. The higher education sector, now regulated by the Commission for University Education (CUE) continued to be a vibrant and competitive sector with more universities being accredited as the country strives to increase access to higher education. The trend of more students sitting for K.C.S.E is expected to continue rising as the government continues to improve its free primary education and free tuition for secondary schools. Rongo University College remains committed to playing a vital role in the higher education sector by providing high quality education through teaching, research, and community service and nurture innovative graduates as enshrined in its mission.

Corporate Governance and Ethics

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

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

Overall University Performance

In 2014, the University College's financial performance improved significantly as compared to the previous year. Total income increased from Kshs 565 million in 2013 to Kshs 646 million in 2014 while the net assets grew from Kshs 606 million in 2013 to Kshs 764 million in 2014. The University College Council will continue working closely with management to ensure this performance is improved.

I applaud the fruits of joint partnership between Rongo University College and Rongo Constituency Development Fund (CDF) which has participated a great deal in the development of this institution. In addition The University College would like to thank Migori County for the generous donation of fifty (50) acres of land donated at Macalder in Nyatike Division.

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

It is always a joy to graduate students and in 2014, the University College through Moi University graduated 343 graduates.

Appreciation

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



Mr. Julius Arap Korir

CHAIRMAN OF THE UNIVERSITY COLLEGE COUNCIL

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my great joy to present to you the annual report and financial statements for the year ended 30th June 2014. This has been a year with new challenges but also many other opportunities to improve and move forward.

We started the year by improving administrative processes efficiency through upgrade of our financial management system. This automated the most paper based function within finance department. Consistent with our spirit of continuous improvement, this laid the platform for automation of other processes in admission and examination to ensure efficiency can be improved through automation.

Overall University College performance

In 2014/15, the University College's financial performance improved significantly. Rongo University College started the financial year 2014/2015 with a cash balance of Kshs. (3,852,106.42) and was allocated Kshs. 246,455,866.00 by the Government during the year under review.

The University College managed to collect Kshs. 372,436,722 in tuition and other charges and Kshs. 27,546,654 from the small income generating activities. In total therefore, the University College had Kshs.642, 587,136 at its disposal during the year 2014/2015 for its recurrent expenditure. This improvement saw the University achieve several milestones and enhance infrastructural development and academic environments. The expansion and refurbishment of the University College facilities will allow admission of students into the College and continue to support the government goal of expanding access to University education. In deed in the next financial year, the University College will admit more students because of the improvement on its facilities.

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

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

The several MOU's signed with various institutions of learning and research confirms the existence of Rongo University College in a market that has very many players offering the same courses.

The year saw an important milestone for RUC as CUE cleared the University College for the award of charter. This came after a yearlong rigorous engagement with all stakeholders. Taking stock of what had been achieved in the previous strategy, a critical analysis of the current status of higher education sector as well as a projection of select activities would further the achievement of the institution's mission.

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

I encourage staff members to thoroughly acquaint themselves with the key strategic pillars of vision 2030 and its enablers, in order to impact Kenya and the Southern Nyanza region positively.



Prof. Samuel Gudu
PRINCIPAL

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

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

The University College Council accepts the responsibility for the Financial Statements, which has been prepared using the appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The University College Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University College at 30th June 2015 and of its operating results. The University College Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate system of internal Financial Control.

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

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

Chairman of the Council 

Principal, Rongo University College 



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON RONGO UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Rongo University College set out on pages 16 to 36, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets, statement of cash flows, summary statements 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 8 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 14 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 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Receivables

Included in the statement of financial position receivables balance of Kshs.121,693,899 are uncollected fees brought forward from prior years figure of Kshs.38,723,495, student debtors of 5,700,376 and accrued fees of 20,537,821. The college does not have provision for bad debtors policy and it has not been possible to confirm whether and if so, when the College will recover these debts. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in these financial statements.

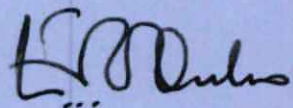
Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Rongo University College as at June 30 2015, 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 Rongo University College order, 2013 and the Universities Act, 2013.

Emphasis of Matter

Budget over runs

I draw attention to statement of comparison of budget and actual amounts to the financial statement which shows the budget over runs. Although it was explained that the budget over runs were necessitated by demands from the Commission for Higher Education to improve some of the facilities at the Institution for the purpose of granting Charter to College, certain items not related to this process had significant over expenditure. My opinion is not qualified in respect of this matter.



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

Nairobi

29 June 2016

RONGO UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015

REVENUE	NOTES	2015	2014
Government Grants	3	246,455,866	260,845,383
Other Incomes	4	399,983,376	305,153,689
Total revenue		646,439,242	565,999,072
EXPENSES			
Employee Costs	5	375,286,000	310,958,138
Depreciation & Amortization cost	6	64,943,350	40,564,668
Repairs & Maintenance	7	19,051,195	3,102,526
General Expenses	8	134,265,840	110,510,846
Council Expenses	9	18,374,909	11,864,028
Academic Expenses	10	97,315,841	82,643,066
Total Expenses		709,237,135	559,643,271
Provision for Doubtful Debts		1,549,575	1,951,684
Provision for Audit fees		1,000,000	500,000
Surplus/(Deficit) for the period		(65,347,468)	3,904,117


RONGO UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2015

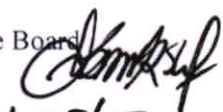
ASSETS	NOTES	2015	2014
Current Assets			
Cash and Bank	11	3,563,133	(3,852,106)
Receivables	12	121,693,899	115,327,610
Biological Assets	13	559,000	578,800
Inventories	14	9,197,733	7,670,683
		135,013,765	119,724,986
Non-Current Assets			
P.P.E	15	427,437,357	384,199,398
Intangible Assets	16	1,470,800	1,550,400
W.I.P	17	201,070,172	101,260,720
		629,978,328	487,010,518
Total assets		764,992,094	606,735,504
LIABILITIES			
Payables	18	75,900,206	52,079,543
Provisions	19	2,549,575	2,451,684
Retention WIP	20	10,136,401	8,948,112
Payments received in advance	21	1,017,293	10,055,680
Bank Loan		11,965,224	-
		101,568,700	73,535,019
NET ASSETS			
Reserves		682,880,555	487,310,177
Accumulated Surplus		(19,457,161)	45,890,308
		663,423,394	533,200,484
Total Net Assets & Liabilities		764,992,094	606,735,504

The Financial Statements set out on pages 16 to 36 were signed on behalf of the Board of Directors by:

C.E.O (RONGO UNIVERSITY COLLEGE)

Chairman of the Board

Date.....29.09.2015



Date.....29/09/2015.

RONGO UNIVERSITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2015

	Capital Replacement Kshs	Devp Reserve Kshs	Accumulated Surplus Kshs	Revaluation Reserve Kshs	Total Kshs
Balance at 30th June 2012				354,656,889	354,656,889
Development Income Received	22,450,378				22,450,378
Transfers to/From Accumulated surplus			41,986,191		41,986,191
Balance at 30th June 2013	22,450,378		41,986,191	354,656,889	419,093,458
Development Income Received	110,202,910		-	-	110,202,910
Transfers to/From Accumulated surplus	-		3,904,117		3,904,117
Balance at 30th June 2014	132,653,288		45,890,308	354,656,889	533,200,484
Development Income Received	195,570,379				195,570,379
Transfers to/From Accumulated surplus	-		(65,347,468)		(65,347,468)
Balance at 30th June 2015	328,223,666		(19,457,161)	354,656,889	663,423,394

RONGO UNIVERSITY COLLEGE
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE 2015

Cash Generated From Operations	NOTES	2015	2014
Receipts			
Government Grants	3	246,455,866	260,845,383
Other Incomes	4	399,983,376	305,153,689
Total receipts		646,439,242	565,999,072
Payments			
Compensation of Employees	6	375,286,000	310,958,138
Rent Paid		13,964,832	15,435,419
Other Payments		255,042,953	233,249,715
Total Payments		644,293,785	559,643,271
Surplus/Deficit		2,145,457	6,355,801
Net cash flows from Operating Activities		2,145,457	1,909,221
Cash flow from Investing Activities			
Purchase of PPE	15	(80,239,826)	(73,643,201)
Decrease in Non-Current Receivables			
Increase in Investments	15	(385,000)	(1,938,000)
Net cash flow From Investing Activities		(80,624,826)	(75,581,201)
Cash flow from Financing Activities			
Bank Loans		14,432,163	-
Receipts from Govt- Capital Funds		73,929,385	
Repayment of Borrowings		(2,466,939)	(3,402,919)
Net cash flow from Financing Activities		85,894,609	(3,402,919)
Net increase/(decrease) in cash in hand and bank	11	7,415,239	(77,074,899)
Cash and Bank as at 1 July 2014		(3,852,106)	73,222,793
Cash and Bank as at 30 June 2015		3,563,133	(3,852,106)

RONGO UNIVERSITY COLLEGE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 30TH JUNE 2015

	Proposed Budget	Adjusted	Approved	Actual	Variance	Performance justification
	2014-2015	2014-2015	2014-2015	2014-2015	2014-2015	2014-2015
Income	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer Grants	1,054,279,427	(807,825,577)	246,453,850	246,453,851	1	Rounding Effect
Fees and Related Charges	277,842,100	112,056,678	389,898,778	372,177,722	(17,721,056)	Outstanding Fees
Farm Income	238,181	59,545	297,726	7,620	(290,106)	Sums in kind
Other Income	3,675,399	2,517,717	6,193,116	27,800,049	21,606,933	Research incomes
Total income	1,336,035,107	(693,191,637)	642,843,470	646,439,242	3,595,772	
Expenditure						
Personal Emoluments						
Basic Pay	421,090,367	(221,276,170)	199,814,197	183,234,685	16,579,512	
House Allowance	293,528,760	(196,124,688)	97,404,072	106,840,366	(9,436,294)	
Gratuity & Pensions Contributions	85,665,684	(58,286,944)	27,378,740	23,376,740	4,002,000	
Entertainment & Responsibility Allowance	16,522,514	8,534,688	25,057,202	20,490,154	4,567,048	
House to Office Allowance	141,531,462	(103,027,286)	38,504,176	39,439,666	(935,490)	
Passage and Leave expenses	3,500,000	1,503,000	5,003,000	1,904,389	3,098,611	
Sub Total	961,838,787	(568,677,400)	393,161,387	375,286,000	17,875,387	Under Recruitment
Operations & Maintenance cost						
Medical Expenses	13,520,000	(3,300,000)	10,220,000	7,694,026	2,525,975	
Transport Operating Expenses	11,457,100	(58,000)	11,399,100	5,712,733	5,686,368	
Travelling & Accommodation Expenses	6,978,500	(446,750)	6,531,750	11,358,710	(4,826,960)	budget over run
Purchase of Student foodstuff	15,000,000	(2,000,000)	13,000,000	39,310,994	(26,310,994)	Additional cafeterias introduced in town
External Travelling & Accommodation	2,019,063	(25,276)	1,993,787	3,036,919	(1,043,132)	Unforeseen number of conference presentation & collaborations

Teaching Practice, attachments and field trips	7,500,000	160,800	7,660,800	10,027,468	(2,366,668)	budget over run
Admission & Examination Materials	2,600,000	900,000	3,500,000	2,437,542	1,062,458	
External Examiners	2,400,000	(900,000)	1,500,000	3,312,922	(1,812,922)	Under Budgeted
Postal & Courier Expenses	240,000	410,000	650,000	364,526	285,474	
Telephone & Communication Expenses	3,254,600	(244,800)	3,009,800	1,632,580	1,377,220	
Internet Services		6,000,000	6,000,000	5,901,382	98,618	
Official Entertainment	2,052,000	-	2,052,000	1,648,756	403,244	
Deans, Senate Committees, Seminars & Conferences Expenses	6,640,000	(400,000)	6,240,000	5,397,335	842,666	
Council Expenses	15,000,000	(2,000,000)	13,000,000	18,394,912	(5,394,912)	Charter Related expenses
Public celebrations and Funerals	120,000	480,000	600,000	120,700	479,300	
Graduation expenses	3,500,000	-	3,500,000	3,677,110	(177,110)	budget over run
Open & Cultural Day Expenses	600,000	-	600,000	5,600	594,400	
Electricity, Water & Conservancy	1,500,000	1,700,000	3,200,000	8,682,802	(5,482,802)	Under budgeted
Teaching Materials	13,636,000	(3,666,000)	9,970,000	1,115,278	8,854,722	
Publishing & Printing Expenses	1,000,000	(500,000)	500,000	2,987,831	(2,487,831)	Publications & enhanced printing of charter documents
Purchase of Uniforms & Clothing	2,089,508	(600,000)	1,489,508	398,600	1,090,908	
Library Books, Journals and Materials	4,323,467	(1,373,467)	2,950,000	1,097,157	1,852,843	
Purchase of Stationery	3,897,575	(43,537)	3,854,038	9,051,217	(5,197,179)	Increased student and staff numbers
Advertising & Publicity	4,200,000	-	4,200,000	10,267,042	(6,067,042)	Advertising of new campuses
National Shows and Exhibitions expenses	760,000	-	760,000	1,320,882	(560,882)	Marketing strategies
Audit Fees	460,000	40,000	500,000	696,000	(196,000)	under budgeted
Payment of rent & rates	18,000,000	-	18,000,000	13,964,832	4,035,168	
Computer expenses	9,752,600	(45,500)	9,707,100	10,139,710	(432,610)	under budgeted
Insurance expenses	23,200,000	(18,000,000)	5,200,000	2,526,178	2,673,822	
Legal Expenses	1,200,000	(450,000)	750,000	805,150	(55,150)	unforeseen contingency

Cleaning materials	3,110,500	-	3,110,500	3,659,237	(548,737)	unforeseen contingency
Farm expenses	1,150,000	-	1,150,000	2,159,428	(1,009,428)	under budgeted
Training expenses	750,000	(450,000)	300,000	1,922,008	(1,622,008)	Under Budgeted
Research Expenses	8,013,707	(4,013,707)	4,000,000	10,689,474	(6,689,474)	Under Budgeted
Curriculum Development	10,000,000	(9,500,000)	500,000	308,800	191,200	
Purchase of Furniture & Fixtures	3,920,000	(1,708,000)	2,212,000	7,598,088	(5,386,088)	New staff
Purchase of motor vehicles	28,000,000	(13,000,000)	15,000,000	22,940,594	(7,940,594)	High exchange rate
Purchase of Plant & Equipment	3,940,000	-	3,940,000	4,048,720	(108,720)	Purchase of New Server
Inter -university games	2,000,000	(800,000)	1,200,000	814,810	385,190	
Purchase of Medical Equipment	3,000,000	(200,000)	2,800,000		2,800,000	
Maintenance of Plant & Equipment	500,000	-	500,000	525,244	(25,244)	under budgeted
Maintenance of Computers	340,000	20,000	360,000	2,479,136	(2,119,136)	under budgeted
Maintenance of Building & Stations	2,840,000	-	2,840,000	9,714,907	(6,874,907)	High maintenance cost
Maintenance of Catering & Hostel Facilities	3,500,000	(2,000,000)	1,500,000	138,200	1,361,800	
Maintenance of Water Supplies & Sewerage	1,565,000	(300,000)	1,265,000	894,095	370,905	
Maintenance of grounds and parks	1,034,400	-	1,034,400	2,624,076	(1,589,676)	High maintenance cost
ICT Infrastructure	10,000,000	(6,000,000)	4,000,000	735,800	3,264,200	
Purchase of Management Information System	-	5,000,000	5,000,000	385,000	4,615,000	
Outstanding debts	1,500,000	-	1,500,000		1,500,000	Outstanding debts
Contract Services & Subscriptions	360,000	180,000	540,000		540,000	
Contingent Liabilities	596,300	-	596,300		596,300	
Part-time payments	18,000,000	-	18,000,000	37,585,553	(19,585,553)	outstanding debts
Strategic Plan ISO Dev. Implementation & Monitoring	2,400,000	(1,200,000)	1,200,000	19,000	1,181,000	
Cooking fuel/gas	700,000	-	700,000	3,141,800	(2,441,800)	New Cafeterias
Subscription to professional entities	410,000	(110,000)	300,000	193,929	106,071	

Student Activities	1,560,000	140,000	1,700,000	1,563,400	136,600	
RUCSO	1,500,000	930,000	2,430,000	3,926,832	(1,496,832)	Repeat elections
Performance Contract Expenses	1,042,000	(500,000)	542,000	1,053,500	(511,500)	under budgeted
Environmental Awareness	300,000	-	300,000	242,500	57,500	
Locum	252,000	-	252,000	668,000	(416,000)	Inadequate medical staff
Catering Expenses	17,400,000	(8,110,000)	9,290,000	460,898	8,829,102	Normal loss with kitchen items
Maint of Motor vehicle	2,132,000	-	2,132,000	2,675,537	(543,537)	High cost of fuel
Collaboration & Linkages	2,500,000	(2,000,000)	500,000	716,638	(216,638)	under budgeted
Corporate social resp	250,000	-	250,000	531,378	(281,378)	under budgeted
Hire Services	180,000	(60,000)	120,000	539,900	(419,900)	under budgeted
Recruitment Expenses	120,000	(20,000)	100,000	278,500	(178,500)	Inadequate staffs
Bank Interest Charges	480,000	-	480,000	2,077,817	(1,597,817)	outstanding debts
Kenya Placement & Colleges Central Placement Services	1,300,000	(800,000)	500,000	1,206,000	(706,000)	Introduction of charge per students
Purchase of games Equipment	650,000	350,000	1,000,000	644,896	355,104	
Conversion to university status	20,000,000	(16,000,000)	4,000,000	1,660,469	2,339,531	
Tender Expenses		-	-	713,800	(713,800)	under budgeted
Capital Expenditure	40,000,000	122,366,667	162,366,667	102,933,172	59,433,495	
Sub-Total	374,196,320	37,852,430	412,048,750	417,558,026	(5,509,276)	
Gross Expenditure	1,336,035,107	(530,824,970)	805,210,137	792,844,026	12,366,111	

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements prepared in accordance with IPSAS consist of:

1. A statement of Financial Position- which details the net assets (the difference between total assets and total liabilities) of the institution. This statement provides information about the financial strength of the institution, and the resources which are available to support its future objectives.
2. A Statement of Financial Performance- which measures the net surplus or deficit (difference between total revenue and total expenses) for the year. This statement provides information on the institutions sources of revenue and the cost of its activities. The annual surplus or deficit is presented on full accrual basis of accounting recognising revenue in the period it is earned and expenses when incurred, regardless of whether the associated cash is received or paid.
3. A Statement of Changes in Net Assets- which identifies the change in the net asset position during the year. The statement highlights the sources of changes in the institutions overall financial position, including changes due to the surplus or deficit for the period.
4. A Statement of Cash Flow- which presents the movements of cash during the year resulting from operating, investing and financing activities. The statement provides information on how cash has been raised and used during the year, including acquisition and disposal of assets. In contrast to statement of financial performance the institutions net cash flow measures the difference between cash coming into the institution and cash going out.
5. Statement of Comparison of Budget and Actual Amounts- which presents a comparison of the budget amounts and the actual amounts for the year. This statement is prepared on budgetary basis which is a modified accrual basis. It provides information on the extent to which resources were obtained and used in accordance with the approved budget giving reasons for any significant variations.

NOTES TO THE FINANCIAL STATEMENTS

1) Statement of compliance and basis of preparation – IPSAS I

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

2) Summary of Significant Accounting Policies

a) Property , Plant & 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. Fixed assets have been depreciated on straight line method to write off the costs of the assets over their useful lives at the following rates:

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

b) Sale of goods - IPSAS 9

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. In this case, sales represent the invoiced value of goods supplied by the farm & Cafeteria during the year.

c) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

d) Revenue and Expenditure Recognition

Income from fees is recognized as it accrues as revenue from exchange transaction unless collectability is in doubt. Income from non-exchange transactions such as donations supported by enforceable agreements is recognized at the time the agreement becomes binding. Expenditure is recognized when it is incurred.

e) Employee Benefits – IPSAS 25

The University College operates a contributory pension scheme for eligible employees through the Moi University Pension Scheme. The scheme operates a defined contribution plan. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

F) Cash and Cash Equivalent

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include short term cash imp-rest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

G) Comparative figures

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

H) Government Grants

Government grants are recognized when there is reasonable assurance that the University College will comply with conditions attached to them and that the grants will be received. The grants are recognized as income in the period to which they relate and presented as credit in the statement of financial performance.

l) Budget information – IPSAS 24

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.

g) Intangible assets – IPSAS 31

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Inventories – IPSAS 12

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.

j) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision for doubtful debts has been set at 2.5%.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

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

3 GOVERNMENT GRANTS	2015	2014
Recurrent Received	225,916,030	232,089,432
Recurrent Accrued	20,537,821	28,755,951
TOTAL	246,455,866	260,845,383
4 Other income	2015	2014
Fees & Related Charges Received	310,453,722	220,290,892
Fees & Related Charges Accrued	61,982,999	78,067,356
Tender Incomes	221,000	140,000
Cafeteria Charges	10,480,614	6,653,891
Library Charges	-	1,550
Research Income	16,425,000	-
Rental Income	17,900	-
Other Incomes	402,141	-
Total other income	399,983,376	305,153,689
5 Employee costs	2015	2014
Employee related costs - salaries and wages	197,078,383	137,676,879
Employee related costs - contributions to pensions and medical aids	23,376,740	15,006,823
Travel, motor car, accommodation, subsistence and other allowances	39,439,666	44,221,643
Housing benefits and allowances	106,840,366	81,831,260
IPUCCF- Refund	-	21,977,115
Locum	668,000	-
Casual Wages	7,882,845	10,244,418
Employee costs	375,286,000	310,958,138
6 Depreciation and amortization expense	2015	2014
Property, plant and equipment	64,478,750	42,610,284
Intangible assets	464,600	387,600
Total depreciation and amortization	64,943,350	42,997,884
7 Repairs and maintenance	2015	2014

Property	11,429,489	110,025
Equipment	3,004,380	151,523
Vehicles	2,675,537	1,857,550
Other	1,941,789	983,428
Total repairs and maintenance	19,051,195	3,102,526

8 General expenses	2015	2014
The following are included in general expenses:		
Advertising	10,267,042	7,968,894
Travel & Accommodation	11,358,710	9,796,190
External Travel	3,036,919	2,956,360
Internet Communication	5,901,382	-
Open & Cultural Expense	5,600	-
Audit Expenses	696,000	-
Books, Newspapers, Magazines	1,097,157	5,642,028
Bank Charges	2,077,817	1,229,800
Conferences and delegations	6,539,245	3,262,389
Medical Expenses	7,694,026	8,028,679
Subscriptions	193,929	1,371,113
Valuation Expense	835,000	-
Electricity. Water & Conservancy	8,682,802	6,997,838
Transport Expenses	5,712,733	1,303,439
Fuel and oil	3,141,800	5,032,793
Catering Expense	39,771,891	33,119,880
Insurance	2,526,178	1,346,841
Legal expenses	805,150	201,693
Strategic Planning Expenses	19,000	897,350
ICT Infrastructure	735,800	-
CSR	531,378	-
Hire Expenses	539,900	-
Farm Expenses	773,040	264,064
Performance Contract	1,053,500	1,747,130
Postage	364,526	340,718

Stationery	9,051,217	7,969,082
Security Expense	-	179,960
Public Celebrations	120,700	403,825
Tender Expenses	713,800	1,403,192
Cleaning Materials	3,659,237	1,827,643
Recruitment Expenses	278,500	-
Environmental Awareness	242,500	-
Textile & Uniform	398,600	1,090,691
Telecommunication	1,632,580	2,200,078
Training	2,159,428	2,689,717
Official Entertainment	1,648,756	1,239,461
Loss In Value Of Biological Assets	19,800	-
Total general expenses	134,265,840	110,510,846

9 Council Expenses	2015	2014
Sitting Allowance	5,560,000	3,229,000
Subsistence Expenses	5,133,425	448,981
Travel & Accommodation Expenses	5,597,670	5,635,880
Other Expenses (Meals)	2,083,814	2,550,167
Total Council Expense	18,374,909	11,864,028

10 ACADEMIC COSTS	2015	2014
Publishing & Printing Expense	2,987,831	1,356,755
Student Activities	1,563,400	3,820,845
Field Trips & Attachments	10,027,468	2,920,179
Part-time Lecturers	37,585,553	34,836,295
Graduation Expenses	3,677,110	5,766,260
Admissions Expense	2,437,542	59,999
External Examiners	3,312,922	5,421,323
Student fee refund	-	555,721
Rental	13,964,832	15,435,419

Library Expenses		2,281,343
Collaboration & Linkages	716,638	-
Conversion to University Status	1,660,469	-
RUCSO	3,926,832	-
Teaching Materials	1,115,278	50,500
Inter-university Games	814,810	4,518,780
Curriculum Development	308,800	1,801,619
Shows & Exhibitions	1,320,882	1,153,088
Research Expenses	10,689,474	547,300
KUCCPS	1,206,000	2,117,640
Total Academic Costs	97,315,841	82,643,066

11 Cash and cash equivalents	2015	2014
A Kcb Pssp	288,823	505,839
Kcb Gssp	121,086	1,654,004
Kcb Cdf	1,780,422	-
Kcb Devp	304,767	217,236
Nbk Main	118,651	191,763
Nbk Pssp	138,258	(10,988,614)
Nbk Gssp	65,344	1,836,515
Co-op pssp	396,640	2,671,788
Co-op Gssp	184,928	59,364
Cash-on-hand and in transit	164,214	-
Short-term deposits	-	-
Total cash and cash equivalents	3,563,133	(3,852,106)

12 Receivables from non-exchange contracts	2015	2014
Current receivables		
Accrued Incomes	20,537,821	28,755,951
Staff Debtors	1,999,158	505,839
Prepaid Rental Incomes	-	297,000
Student Debtors	62,241,999	84,283,646
Less Unidentified Fees		
K.C.B Pssp	259,000	3,480,490

K.C.B Gssp	-	685,700
N.B.K Gssp	-	53,700
N.B.K Main	-	277,300
N.B.K Pssp	-	1,108,000
Co-op Pssp	-	611,100
	61,982,999	78,067,356
Provision for Doubtful Debts	1,549,575	1,951,684
	60,433,424	105,674,462
Receivables b/f	38,723,496	9,653,148
Total current receivables	121,693,899	115,327,610

	2015	2014
13 Biological Assets		
Dairy Cattles	559,000	578,800
Total Assets	559,000	578,800
14 Inventories	2,015	2,014
Consumable stores	3,733,974	2,458,100
Medical supplies	3,727,550	1,196,665
Spare parts and meters	321,819	1,601,055
Catering	1,414,390	2,414,863
Total inventories at the lower of cost and net realizable value	9,197,733	7,670,683

15	Property, plant and equipment	Land	Buildings	Motor Vehicles	Computers & Accessories	Plant & Machinery	Tractor	Furniture & Fittings	Motor Bikes	Books	Total
	Cost										
	At 1 July 2012	0%	2.5%	25%	30%	12.50%	37.50%	12.50%	25%	30%	
	Additions	58,494,795	162,422,490	27,830,872	13,702,000	51,070,686	-	37,365,223	-	7,276,800	358,162,866
	Disposals	-	-	20,573,335	2,429,337	-	3,610,000	7,592,892	-	-	34,205,564
	Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
	At 30 June 2013	58,494,795	162,422,490	48,404,207	16,131,337	51,070,686	3,610,000	44,958,115	680,000	7,276,800	392,368,430
	Additions	8,863,713	36,081,815	-	7,111,132	4,006,179	-	16,900,362	-	833,920	74,477,121
	Disposals	-	-	-	-	-	-	-	-	-	-
	Transfer/adjustments	-	-	-	-	-	-	-	-	-	-
	At 30 June 2014	67,358,508	198,504,305	48,404,207	23,242,469	55,076,865	3,610,000	61,858,477	680,000	8,110,720	466,845,551
	Additions	-	20,951,767	22,940,594	21,552,076	4,048,720	-	7,598,088	-	27,131,000	104,222,245
	Disposals	-	-	-	-	-	-	-	-	-	-
	Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
	At 30 June 2015	67,358,508	219,456,072	71,344,801	44,794,545	59,125,585	3,610,000	69,456,565	680,000	35,241,720	571,067,796
	Depreciation and impairment										
	At 1 July 2012	-	-	-	-	-	-	-	-	-	-
	Depreciation	-	4,060,562	12,101,052	4,839,401	6,383,836	1,353,750	5,619,764	-	2,183,040	34,358,365
	Impairment	-	-	-	-	-	-	-	-	-	-
	At 30 June 2013	-	4,060,562	12,101,052	4,839,401	6,383,836	1,353,750	5,619,764	-	2,183,040	34,358,365
	Depreciation	-	4,962,608	12,101,052	6,972,741	6,884,608	1,353,750	7,732,310	170,000	2,433,216	42,610,284
	Disposals	-	-	-	-	-	-	-	-	-	-
	Impairment	-	-	-	-	-	-	-	-	-	-
	Transfer/adjustment	-	-	-	-	-	-	-	-	-	-
	At 30 June 2014	-	9,023,170	24,202,104	11,812,142	13,268,444	2,707,500	13,352,074	170,000	4,616,256	79,151,689
	Depreciation	-	5,486,402	17,836,200	13,438,364	7,390,698	902,500	8,682,071	170,000	10,572,516	64,478,750

	Disposals										
	Impairment										
	Transfer/adjustment										
	At 30 June 2015	-	14,509,572	42,038,304	25,250,505	20,659,142	3,610,000	22,034,145	340,000	15,188,772	143,630,439
	Net book values										-
	At 30 June 2015	67,358,508	204,946,500	29,306,497	19,544,040	38,466,443	-	47,422,420	340,000	20,052,948	427,437,357
	At 30 June 2014	67,358,508	189,481,135	24,202,104	11,430,327	41,808,421	902,500	48,506,403	510,000	3,494,464	387,693,862
	At 30 June 2013	58,494,795	158,361,928	36,303,155	11,291,936	44,686,850	2,256,250	39,338,351	-	5,093,760	355,827,025

16	Intangible assets - software		20%
	Cost		
	At 1 July 2012		-
	Additions		-
	At 30 June 2013		-
	Additions – internal development		1,938,000.00
	At 30 June 2014		1,938,000.00
	Additions		385,000.00
	At 30 June 2015		2,323,000.00
	Amortization and impairment		
	At 1 July 2012		-
	Amortization		-
	At 30 June 2013		-
	Amortization		387,600.00
	Impairment loss		-
	At 30 June 2014		387,600.00
	Amortization		464,600.00
	Impairment loss		-
	At 30 June 2015		852,200.00
	Net book values		
	At 30 June 2015		1,470,800.00
	At 30 June 2014		1,550,400.00
	At 30 June 2013		-
17	Work In Progress	2015	2014
	Tuition Block Phase 1	1,569,158	84,914,777.00
	Tuition Block Phase 2	50,555,610	13,222,223.00
	Water Treatment Plant	38,827,579	
	Dining Hall	5,800,000	
	Twin Science Lab	6,180,825	
	Balance B/F	98,137,000	-
	Balance C/F	201,070,172	98,137,000
18	Payables	2015	2014
	Trade payables	75,900,206	43,478,670
	Bank Loan	11,965,224	
	Prepayments	1,017,293	-
	Total trade and other payables	88,882,723	43,478,670

19	Provision	2015	2014
	Audit Fees	1,000,000	500,000
	Doubtful Debts	1,549,575	1,951,684
	Total	2,549,575	2,451,684
20	Retention Fees	2015	2014
	Retention Fees	10,136,401	8,948,112
	Total	10,136,401	8,948,112
21	Prepayments	2015	2014
	School of Education	-	4,751,321
	School of Inforcoms	-	-
	School of Arts & Social Sciences	-	1,123,145
	School of Science & Engineering	-	760,320
	School Of Agriculture	-	231,457
	School of Business	-	3,189,437
	Total	1,017,293	10,055,680
22	Tax	2015	2014
	PAYE	-	8,600,873
	WHT VAT	-	-
	Total	-	8,600,873
		2015	2014
23	Cash generated from operations		
	Surplus for the year before tax	(65,347,468)	3,904,117
	Adjusted for:		
	Depreciation	64,943,350	40,564,668
	Impairment	-	(4,451,629)
	Gains and losses on disposal of assets	-	-
	Contribution to provisions	2,549,575	2,451,684
	Working capital adjustments:		
	Increase in inventory		2,737,402
	Decrease in receivables		(64,327,610)
	Increase in payables		12,025,233
	Increase in payments received in advance		(3,548,143)

Increase in retention fee		7,770,152
Decrease in tax		4,783,347
Net cash flows from operating activities	2,145,457	1,909,221

24. Events after Reporting Date

The reporting date is 30th June, 2015. There are no material adjusting events after the reporting date which would have impacted upon the statements that have incurred between the reporting date and the date the financial statements were authorized for issue.