Paper laid by LCNT
on 28/7/2015

Jaramogi Oginga Odinga University of Science and Technology

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Oasis Of Knowledge

Our Vision

The beacon in training, research and sustainable development

Our Mission

To provide quality university education that nurtures creativity and innovation through multidisciplinary training, research and community outreach

Core Values

Fairness

Professionalism

Transparency and Accountability

Integrity

Meritocracy

Gender Equity

Our Motto

Oasis of Knowledge

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Jaramogi Oginga Odinga University of Science and Technology was established under the Universities Act, No. 42 of 2012by grant of Charter on 13 February 2013. At Cabinet level, the University is represented by the Cabinet Secretary for Education, Science and Technology who is responsible for the general policy and strategic direction of the University.

Principal Activities

The principal activity of the entity is to offer high quality university training, carry out innovative research and community outreach programmes for sustainable socio-economic development.

Council Members

The Members of the Council who served the University during the year and to the date of this report were;

S/No	Name	Status	Appointment Date
1	Dr. Bonfance J. Mwandotto	Chairman	1 March 2013.
2	Ms. Winsum C Murgor	Vice Chair	12 February 2013
3	Prof. Stephen G. Agong'	Vice-Chancellor/CEO	11 July 2013
4	Dr. (Mrs.) Anne Oburu	Member	12 February 2013
5	Eng. BisharAdan	Member	12 February 2013
6	Ms.Damary A. Angulu	Member	12 February 2013
7	Ms. JemimahW. Keli	Member	12 February 2013
8	Mr.Alphonce H. Mrima	Alternate to PS MOEST	12 February 2013
9	Mr. Dickson MacAger	Alternate to PS Treasury	12 February 2013
10	Mr. Bernard M. Malenya	Alternate to PS MOEST	18 July 2014

Mr. Alphonce H. Mrima Alternative to PS MOEST, was replaced by Mr. Bernard M. Malenya in July 2014.

(b) Key Management Personnel

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

S/No.	Name	Designation
1.	Prof. Stephen G. Agong', PhD, FASS	Vice-Chancellor/Chief Executive Officer
2.	Prof. Joseph Bosire, PhD	Deputy Vice-Chancellor (Academic Affairs)
3.	Prof. Washington H.A. Olima, PhD	Deputy Vice-Chancellor (Planning, Administration and Finance)
4.	Prof. Benson B.A. Estambale, PhD	Deputy Vice-Chancellor (Research Innovations and Outreach)
5.	Mr. Jared O.Ogutu, MBA CPA (K)	Finance Officer
6.	Mr. Walter Akuno, MSc	Registrar (Academic Affairs)
7.	Dr. Patrick J. Akhaukwa, PhD, CPS (K)	Registrar (Research Innovations and Outreach)
8.	Ms. Rosemary A. Ngesa, EMBA, CPS (K)	Registrar (Administration and Planning)

(c) UNIVERSITY ADDRESS

Bondo-Usenge Road
P.O Box 210-40601
Bondo.
Kenya

(d) UNIVERSITY CONTACTS

Telephone: (254) 057-2058000/ 2501804
E-mail: vc@jooust.ac.ke
Website: www.jooust.ac.ke

(e) BANKERS

Kenya Commercial Bank Ltd
Bondo Branch
P. O. Box 598 - 40601
Bondo, Kenya

Equity Bank Ltd
Bondo Branch
P.O. Box 261 - 40601
Bondo, Kenya

Co-operative Bank of Kenya Ltd
Bondo Branch
P.O. Box 380 - 40601
Bondo, Kenya

Barclays Bank of Kenya Ltd
Kisumu Branch
P.O. Box 831-40100
Kisumu, Kenya.

(f) INDEPENDENT AUDITORS

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

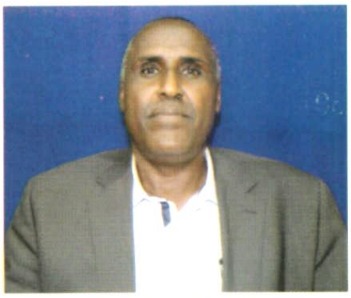
(g) PRINCIPAL LEGAL ADVISER

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

II. UNIVERSITY COUNCIL

Dr. Bonfance J. Mwandotto, *Chairman of Council*
Bsc, MSc(UoN); PhD (Animal Science, A&M Texas, USA); Formerly ActingManaging Director and Deputy Managing Director for Coast Development Authority; Council Member of Egerton University; worked as Centre Director, Kiboko, KARI

Ms. Winsum Chemutai Murgor, *Vice-Chairperson*
Bcom (UoN); MBA (Warwick); Member of ICPAK; Member of the Institute of Chartered Accountants in England and Wales (ICAEW); Fellow of CIMA;



Mr. Bishar Adan Mohammed
Bsc; MSc (Agricultural Engineering, Egerton); PD(Soil and Water), Osaka International Centre, Provincial Irrigation Officer; Consultant with EU in different projects; Currently in Private Practice

Ms. Jemimah WanzaKeli
LLB (UoN); PD (Law, KSL); LLM (UoN). Advocate of the High Court of Kenya, Associate Arbitrator and Commissioner of Oaths, Magistrate Vetting Board, Assisting Counsel, Member of LSK and ICJ.

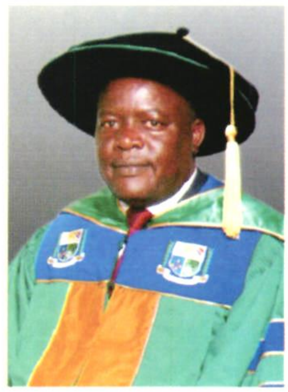
Dr. Anne A. Oburu
Bachelor of Medicine and Bachelor Surgery (Lumumba); M. MED Paediatrics (UoN, KNH); Worked as Doctor in Charge of Paediatrics, Nyanza General Hospital, Coast Provincial Hospital, and private practice.

Ms. Damary Ayuku Angulu
LLB (UoN), PD (Law, KSL), MBA (UoN); CPS (K) Currently working with TSP Serena Group of Companies as the Head of Legal and Regulatory Affairs and Company Secretary with wide experience in corporate governance.

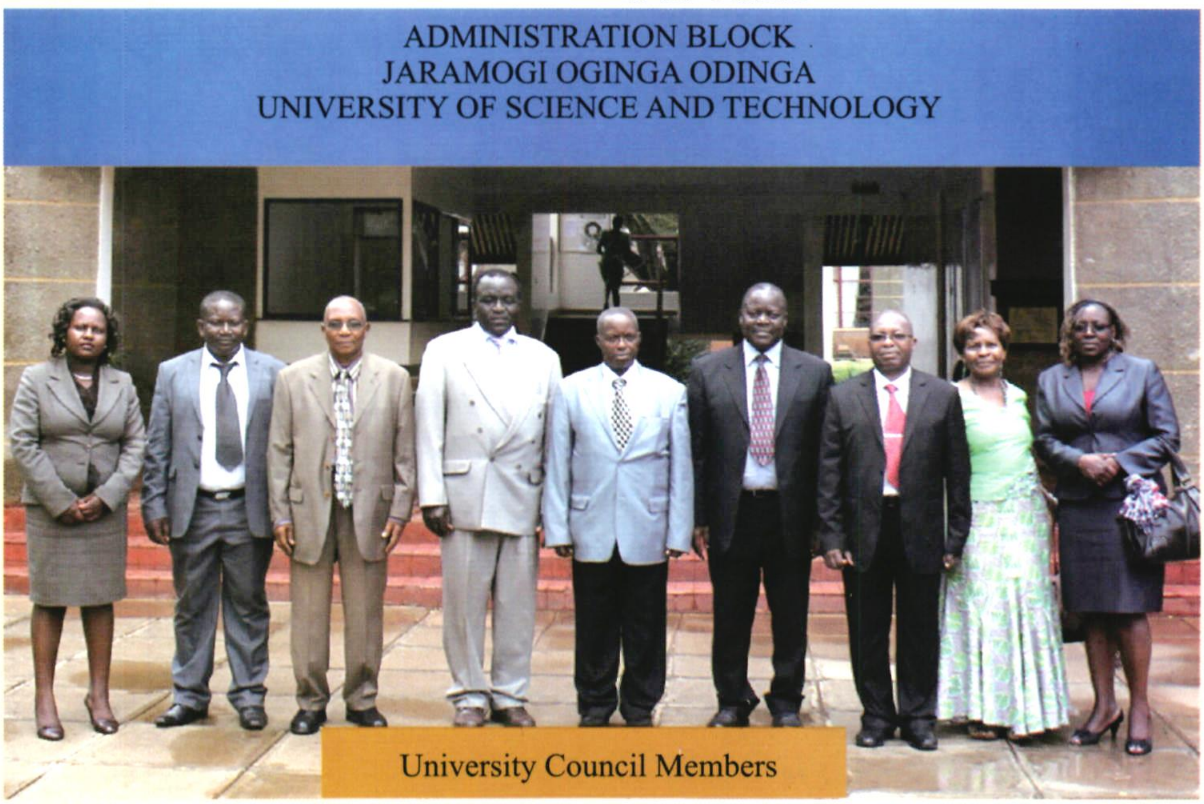
Mr. Alphonce Mrima
BED (UoN), MED; Alternate to the Principal Secretary (MOEST) in the Council;

Mr. Dickson MacAger
BA; PD (Admin). Alternate to the PS (National Treasury)

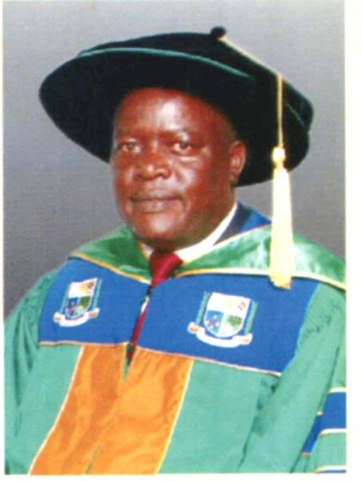
Mr. Bernard Mbelase Malenya
Bed (Tech) New Brunswick) MSc (Illinois), Alternate to PS MOEST



Prof. Stephen Gaya Agong'
Vice Chancellor and Chief Executive Officer;an *ex- officio* member and Secretary to the Council



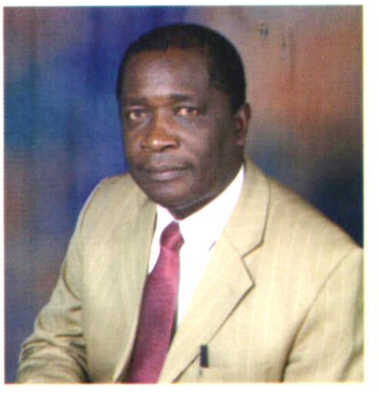
III. UNIVERSITY MANAGEMENT BOARD

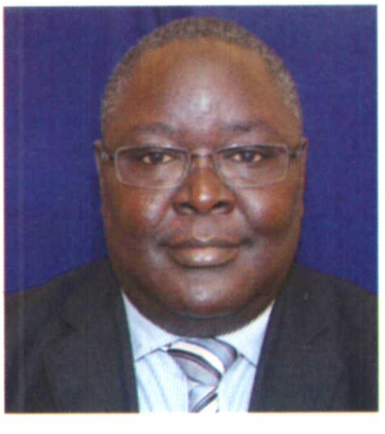


Prof. Stephen Gaya Agong'
Vice Chancellor and Chief Executive Officer; holds BSc, MSc (UoN) PhD(Giessen) and Post-Doctoral(Okayama); Professor of Horticulture with wide experience in University Management and Leadership spanning over 20 years in different Universities and International organizations. He is an academic of high standing with over 100scientificpublications in refereed journals. A fellow of the Africa Academy of Sciencesand Matsume

Prof. Washington. H. A. Olima
Deputy Vice Chancellor in charge of Planning, Administration and Finance Division of the University; holds B.A. (Land Econ); M.A. (H.A) (UoN) and PhD (Dortmund); Associate Professor of Built Environment with over 20 years academic and Administrative experience in university Management. He is a Member of the Institute of Surveyors of Kenya and registered Valuer.

Prof. Benson Estambale
Deputy Vice Chancellor in charge of Research, Innovation and Outreach Division of the University; holds M.B.Ch.B(UON), M.Sc.; DTM&H, (LSTM), Ph.D.(UON); A Professor of Medical Microbiology; has close to 30 years of academic and administrative experience at University level and wide publication record in the field of medicine.





Prof. Joseph Bosire
Deputy Vice Chancellor in charge of Academic Affairs Division of the University; holdsB.Ed. (UON), M.Ed. and Ph.D. (KU); Associate Professor with over 20 years of academic and administrative experience.

III. UNIVERSITY MANAGEMENT BOARD

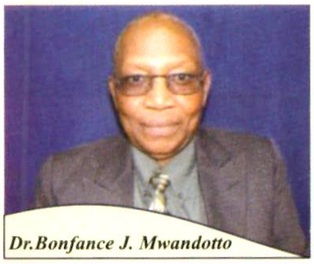
Ms. Rosemary Akoth Ngesa
Registrar in charge of Planning and Administration responsible to the DVC (PAF); has over 25 years administration and management; holds B.A (UON), EMBA (JKUAT), Certified Public Secretary of Kenya(ICPSK) and a Member of the Institute of Certified Secretaries of Kenya.

Mr. Walter Akuno
Registrar in charge of Academic Affairs responsible to the DVC (AA) in the day to day activities of the Academic Affairs Division ;holds Diploma, B.Sc. and M.Sc.(Egerton) with over 20 years' experience in administration in the public service and university environment.

Dr. Patrick Akhaukwa
Registrar in charge of Research, Innovation and Outreach responsible to the DVC (RIO); holds B.A. (KU), MSc.(MMUST) and PhD.(Moi) with over 20 years administrative experience. He is a Member of the institute of Certified Public Secretariesof Kenya and theInstitute of Human Resource Management

Mr. Jared Oguta Ogutu
Finance Officer responsible to the DVC (PAF) for the management of University Finances; B.com (Accounting) (KU); MBA(Maseno) with over 12 years' experience in financial management in various public institutions. He is a Certified Public Accountant of Kenya and Registered Member of ICPAK.

IV. CHAIRMAN'S STATEMENT



Dr.Bonfance J. Mwandotto

It is my pleasure to present my report as the first Chairman of JaramogiOgingaOdinga University of Science and Technology. The 2013-2014 financial year has witnessed tremendous growth of the University from a constituent College of Maseno University to a fully-fledged University.

The new status has heralded a shift in the operations of the University with a view of widening access to university education in our country. This has witnessed the development of strategic and policy documents that are meant to define the path that the University has set on towards the pursuit of its strategic objectives. Consequently, the University concluded the review of its Strategic Plan 2014-2019 to realign its activities in order to ensure sustained institutional growth. The Business planning process also commenced in this year and is expected to provide opportunities for investments. This will definitely determine the path of growth that will spur the University to World Class status. We also launched JOOUST master Plan which has captured the growth of the University as envisaged in the Strategic Plan in terms of infrastructural requirements. This master plan when fully implemented in the next 50 years will spur economic growth and create a positive impact in the region.

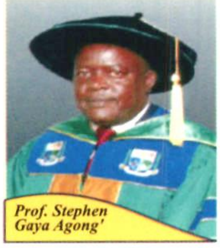
The appointment of the University Council and the constitution of the committees of Council have strengthened good governance practices as envisaged by the Government. The Council has continued with its governance and policy roles in setting the tone at the top. The current membership has demonstrated commitment through participation in their various committees and other activities of the University. I commit that under my leadership the Council will continue to play its role in steering the University to greater heights of development. The Council appointed the University Senior Management in the first half of the year under review. This was done through a competitive recruitment process that has brought in quality managers that are visionary and pragmatic in their approach towards the growth of this young university.

In the year under review, the University continued to register growth in various areas. The Council signed Performance Contract for the year 2013-2014 whose evaluation showed that the University achieved most of its targets including increasing student enrolment, financial stewardship, and service delivery. In the same year, the University successfully held its first graduation ceremony that saw over 429 young men and women graduate.

The University conducted community outreach programme that helped to strengthen the partnership that continues to exist between the University and the surrounding Siaya County Community. The University has built important partnerships with development partners such as Swedish International Development Agency and World Health Organization.

Dr.Bonfance J. Mwandotto
Chairman

V. REPORT OF THE VICE CHANCELLOR



It is with great pleasure that the University releases the Annual Report for the 2013-2014 financial year. The University recorded several milestones in the year under review since it became fully-fledged on 13February 2013.The following are some of the key highlights of the University's operations in the year ended 30th June, 2014:

1st Graduation Ceremony

The University held its inaugural graduation ceremony on the 9th May, 2014, where a total of 429 graduands were awarded with certificate, diplomas and degrees. The graduation was presided over by the Late Prof. Jonathan ole Karei, who until his death on the 16th July, 2014 was the University's Chancellor.

The graduation was a culmination of the University staff and student's tireless efforts in pursuit of quality teaching, education, research and outreach towards branding our young institution as a centre of excellence. The graduands were highly trained in various fields of study with the view that they will go out and ensure the development of our beloved country in their distinctive areas of specialisation. The University strives to ensure that future academic calendars remain predictable so that other graduations remain as planned.

Growth in Student Numbers

The University has continued to witness rapid growth in student numbers in almost all of its programmes offered in the campuses. In the year 2013-2014 the students' numbers stood at 7,000 compared to 4,000 as at 30th June, 2013. This growth has been possible with the expansion of tuition, accommodation and research facilities. The University has been carrying out marketing of its programs through various avenues and strategies which is already bearing fruits. As the University moves in to the FY 2014-2015, the focus will be on improving on various partnerships that towards ultimately availing more space for tuition as well as community outreach activities for greater resource mobilization.

Establishment of Academic Departments

Subsequent to the establishment of 11 Schools as the principal academic outfits in the University, Senate reviewed the work load in these schools with a view to enhancing the administrative work in order to ensure quality service delivery. To this end several academic departments were established in the current year under review. These academic departments have eased off the academic and administrative operations in the organisation of the schools thus significantly reducing backlogs in teaching, examination processing, transcript issuances and admission of students.

Community outreach deepening

The University continued in the year under review to implement programmess aimed at fostering good relations with the community. During this period the University participated in the 2013 Kisumu Regional Agricultural Show where it performed very well in the various categories that it made entries. The show provided a good opportunity for the University to conduct technology transfer clinics on inventions that are aimed at benefiting the society through food security, climatic change sensitizations.

The University carried out a medical camp in the Main Campus at Bondo where a lot of locals benefitted from free check-ups. This was followed with referrals to hospitals which were highly appreciated by the community. To this end the University has partnered with Sabatia Eye Clinic, University of Nairobi Medical School and Siaya County Health Services to continue running this camp on an annual basis. The University similarly organized the first ever JaramogiOgingaOdinga Memorial Lecture with focus on governance and leadership.

Research and Innovation:

The University has continued to build capacity in research, facilitate the development of fundable research proposals through consistent and timely dissemination of information to researchers. Through expanded efforts of sensitization and intensified application of multi-disciplinary approach to research, the University has established adequate linkages and partnerships with funding organizations and likeminded institutions.

Enterprise Resource Planning

In the year 2013/2014 the University embarked on the Implementation of an ERP system that is aimed at improving service delivery in a bid to enhance performance and productivity at all levels of operations and processes. The key aspects of automation targeted in the 1st Phase were financial management information systems, student information systems, and academic management information systems. The other aspects of the ERP will be deployed going forward to ensure that services are effectively and efficiently delivered to our customers. The benefits of this deployment are already being seen in timely generation of financial information, timely student registration and effective decision making. This platform continues to get key support from the Council and Management as they are both keen on ensuring that JOOUST transforms into a world class university as envisaged in the Strategic Plan.

Capacity Building

In the year 2013/2014 the University deepened capacity building of its various cadres of staff in order to equip them with the relevant skills for better performance. Academic staffs were trained on Grant proposal writing with the aim of attracting research funding from the University multilateral research partners. Computer literacy training was offered to subordinate staffs that arekey in the day to day operations of the University. Other administrative staff attended various training programme which are relevant to their areas of operation in the service of the University.

Financial Stewardship

The University Management in the year under review continued with the pursuit of prudent financial management in its bid to strengthen the institutional capacity in pursuit of the strategic objectives. The University has made proper arrangements to ensure full service of third party claims when they fall due as depicted by the strength of our Statement of Financial Position. All employee costs as at 30th June 2014 were paid for. The Management will continue to ensure that all tax laws are observed and possible litigations are properly managed.

Prof. Stephen Gaya Agong'
Vice Chancellor/ CEO

VI. MANAGEMENT DISCUSSIONS AND ANALYSIS

Economic Outlook

Kenya's economy expanded considerably in2013/2014 with notable growth registered in the Agricultural sector at 3.8%and Manufacturing at 3.1%. Much of the growth is attributed to Kenya's increasing dominance as a business hub for the wider East African Community.
Following the peaceful national elections in March 2013, the International Monetary Fund of World Bank forecasted a 5.8% GDP growth, spurred by the growth in the agricultural sector and a decline in fuel prices. The economy was expected to accelerate on account of reduced political activities. As is the case with economic growth, it did not follow that the benefits of economic growth in 2013/2014 were evenly distributedto the citizens. This had a significant effect on the disposable income available for investment in higher education. Even in this challenging economic environment, the University put in place mitigating strategies to ensure that changes in the economy did not impact negatively on its business.

Financial Results and review of performance

The University achieved revenue of Kshs984million representing a growth of 26.6% from the previous year of Kshs774 million. Our main revenue streams of Recurrent Grants, Tuition and related charges contributed 93% of the total revenue. The growth in tuition and related revenue is attributable to increase student numbers. There was a significant drop in research grants income owing to the fact that activities under the KLIP wing were transferred to an independent Trust. Surplus for the year grew from Kshs. 22,212,756 in 2013 to Kshs. 63,547,338 in 2014. This was possible from the increased student admissions and also stringent budgetary regime on non-core expenditures.
Contribution to revenue from each of the main sources was as depicted below;

Table 1. Comparative Contributions to revenues from various sources

	2014		2013	
Revenue Source	**Amount in Kshs.**	**Percentage**	**Amount in Kshs.**	**Percentage**
Recurrent Grants	507,158,608	52	450,294,997	58.6
Tuition & Related Charges	406,015,232	41	214,408,035	27.7
Research Grants	30,380,968	3	71,826,067	9.28
Rental Income	11,841,692	1	10,965,768	1.42
Other Income	28,817,566	7	26,723,122	3.45
TOTAL	**984,214,067**	**100**	**774,217,989**	**100.00**

Revenue from other income includes catering sales, interest earned, canteen sales, application fees, photocopying and library fines, farm produce, nursery school and tender sales.
The growth of the University in terms of revenues, surplus and student numbers over the last five years has been on an upward trend as shown in the table below;

Table2.Growth in revenues, surplus and student numbers over the last 5 years

Year/Description	**2010**	**2011**	**2012**	**2013**	**2014**
Revenues(Kshs.)	116,506,436	307,382,882	450,337,627	774,530,434	984,214,067
Operating Surplus(Deficit)(Kshs.)	86,545,926	62,384,537	(18,581,943)	22,212,756	63,547,338
Student Numbers	250	1,200	2,500	4,000	7,000
Staff Numbers	32	218	237	267	374

VII. CORPORATE GOVERNANCE STATEMENT

The Council and the Senior Management are committed to the highest level of corporate governance. The University considers as paramount for business integrity and maintaining our stakeholders trust in the University. Our business principles set out in our core values and in turn the standards we set ourselves ensures that we operate lawfully, with integrity and respect, observing and respecting the culture of the peopleof Kenya and particularly those of our customers. We believe that our sphere of influence with regards to good corporate governance should be extended to our stakeholders and business relationships. We engage with our stakeholders in a mutually beneficial and sustainable manner in an environment of equity, mutual respect and honesty. It is our corporate policy that our corporate engagements are in observance of the highest standards of professional ethics that promotes Credibility, Professionalism and Accountability.

The Composition of the Council

The Council is the governing body of the University and is responsible for the overall governance of JOOUST. It consist of nine persons appointed by the Cabinet Secretary as follows; Chairman, the Principle Secretary in the Ministry of Education, Science and Technology, the Principal Secretary in the Ministry of Finance, five members appointed by the Cabinet Secretary through an open process and the Vice Chancellor who is an *ex- officio* member to the Council.

The roles of the Council as stipulated in the Universities' Act include:

Section 35. (1)(a) Of the Universities Act provides for the following roles of the Council which shall

- I Employ staff
- ii) Approve the statutes of the University and cause them to be published in the Kenya Gazette;
- iii) Approve the policies of the University;
- iv) Approve the budget
- v) Recommend for the appointment of the Vice-Chancellor, Deputy Vice-Chancellors and principals of constituent colleges through a competitive process; and
- vi) Undertake other functions set out under the Act and JOOUST Charter.

Other functions and roles of the Council include:

- I Strategic Leadership: Approving and monitoring and guiding the implementation of the University's Strategic plan.
- ii. Performance Evaluation: Setting performance targets and reviewing of the University's results so as to ensure the achievement of the operational plans.
- iii. Integrity of Financial Reporting: Reviewing and monitoring controls, policies and procedures put in place to ensure integrity in the University's accounting records and the financial statements.
- iv. Risk Management and Compliance: Monitoring and reviewing the policies and procedures put in place by the management to ensure that the various risks facing the University are effectively mitigated and various regulatory and legislative requirements are complied with.
- v. Stakeholders' Interest: Guiding the University so as to ensure the fulfilment of the interests of various stakeholders besides reviewing and monitoring corporate governance and corporate social responsibility practices at the University.

Activities of the Council

It is the responsibility of the Chairman and the Chief Executive to work closely together in planning the annual program and agendas for meetings. The meetings are structured to allow open discussion. All substantive agenda items have comprehensive briefing documents which are circulated earlier in advance before the meetings.

In addition to regular Council meetings, there are a number of other meetings to deal with specific matters. When Council members are unable to attend a meeting, they are advised on the matters to be discussed and given the opportunity to discuss their views with the Chairman.

Committees of Council

The roles of the Chairman and the Chief Executive officer are separate and there is a clear division of responsibilities as spelt out in the detailed engagement and appointment. Similarly, during the inauguration of the Council, responsibilities of the Chairman and Members of the Council are clearly established and agreed by the Council to ensure that no one person has unrestrained powers of decision.

The Council has various committees that enable it perform its functions with more specialised skills. These committees are headed by members who's training and professional skills are amenable to offer good work.

The following are the committees of JOOUST Council

- I Finance, Resource Mobilization and General Purposes
- ii) Planning, Building and Development, Farm and Estates
- iii) Research, Training, Statutes and Honorary Degree
- iv) Appointment, Promotions, Terms and Conditions of Service
- v) Audit, Governance and Risk Management

COUNCIL MEETINGS AND ATTENDANCE

Full Council Attendance

Members	10/7/2013	18/10/2013	20/12/2013	24/01/2014	8/05/2014
Dr.Bonifance J. Mwandotto	P	P	P	P	P
Ms.Winsum C. Murgor	AP	P	P	P	P
Ms.Jemimah W. Keli	P	P	P	P	P
Dr. Anne Oburu	P	P	P	P	P
Ms.Damary A. Angulu	P	P	P	P	P
Mr.Bishar A. Mohamed	P	P	P	P	P
Mr.Alphonce B. Mrima	P	P	P	P	AP
Mr. Dickson MacAger	P	P	AP	P	P
Prof. Stephen G. Agong'	P	P	P	P	P

Finance, Resource Mobilization and General Purposes

Members	10/7/2013	18/10/2013	24/01/2014	8/05/2014
Dr.Bonifance J. Mwandotto	P	P	P	P
Ms.Winsum C. Murgor	AP	P	P	P
Ms.Jemimah W. Keli	AP	P	P	P
Dr. Anne Oburu	P	P	P	P
Ms.Damary A. Angulu	P	P	P	P
Mr.Bishar A. Mohamed	P	P	P	P
Mr.Alphonce B. Mrima	P	P	P	AP
Mr. Dickson MacAger	P	P	P	P
Prof. Stephen G. Agong'	P	P	P	P

Planning, Building and Development, Farm and Estates

Members	10/7/2013	24/01/2014
Ms. Jemimah W. Keli	AP	P
Dr. Anne Oburu	P	P
Mr.Bishar A. Mohamed	P	P
Mr.Alphonce B. Mrima	P	P
Mr. Dickson MacAger	P	P
Prof. Stephen G. Agong'	P	P

Research, Training, Statutes, Sealing and Honorary Degree

Members	19/12/2013	8/05/2014
Dr.Bonifance J. Mwandotto	P	P
Ms.Winsum C. Murgor	AP	P
Ms.Jemimah W. Keli	P	P
Dr. Anne Oburu	P	P
Ms.Damary A. Angulu	P	AP
Mr.Bishar A. Mohamed	P	P
Mr.Alphonce B. Mrima	P	P
Mr. Dickson MacAger	AP	P
Prof. Stephen G. Agong'	P	P

Appointment, Promotions, Terms and Conditions of Service

Members	12/7/2013	16/04/2014
Dr.Bonifance J. Mwandotto	P	P
Ms.Jemimah W. Keli	P	P
Dr. Anne Oburu	P	P
Ms.Damary A. Angulu	P	AP
Mr.Bishar A. Mohamed	P	P
Mr.Alphonce B. Mrima	P	P
Mr. Dickson MacAger	P	P
Prof. Stephen G. Agong'	P	P

Audit, Governance and Risk Management

Members	10/7/2013	19/12/2013	8/05/2014
Ms.Winsum C. Murgor	AP	AP	P
Dr. Anne Oburu	P	P	P
Ms.Damary A. Angulu	P	P	P
Mr.Alphonce B. Mrima	P	P	AP
Mr. Dickson MacAger	P	AP	P

KEY: **P** denotes Present ; AP denotes Absent with Apology

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The University remained alive to the needs and concerns of the local community. The University opened doors to members of the public through a number of initiatives undertaken within the University as well as in the community. During the year under review, the University, in Conjunction with Friends of Sabatia Eye Hospital organized an eye clinic where members of the public with eye and other ophthalmological complications came to the University for check-up. A total of one thousand and twelve (1012) patients were attended to and those who required specialized treatment referred to Sabatia where they were treated and discharged. In June 2014, the University in conjunction with the Siaya County Department of Health and the University of Nairobi, hosted a one day medical camp for the community. The local people benefited from free check-ups, medical reviews and treatment. Six hundred and forty (640) patients comprising five hundred (500) adults and one hundred and forty (140) children were treated. Those with complicated conditions were referred for further attention.

During the year 2013/2014 the University organized a number of extension programmes visiting and training farmers as well as demonstrating viable farming methods and techniques at the University farm in Achiego. The University also participated at the 2013 Edition of the ASK Kisumu Regional Show. A number of innovations and inventions by students and staff were show cased. The University recorded exemplary performance and secured prizes in five categories. The University also facilitated the inaugural Jaramogi Oginga Odinga Memorial Lecture, an open forum which featured a distinguished lecture series and sporting events.

The University organized joint activities with the local community including joint football matches, joint prayer and worship. We trained upto fifty (50) youths organized through youth groups on ICT and entrepreneurship skills. We have established linkages and partnership with three (30) local tree nurseries to promote environmental sustainability and also installed solar street lighting along the road between Bondo Town and the University's main gate to enhance security. The University had a cultural week referred to as JOOUST Cultural Heritage and Expo 2014. Members of the community including secondary schools in the neighbourhood participated. Both the University and the community members appreciated the robust cultural heritage and the climax was the Mrand Miss JOOUST contest.

The University launched an initiative to support the less fortunate in society. Towards this end, the University had six (6) total orphan students being supported on scholarship as a commitment in ensuring that even the needy students from the community realize their dream in securing university education.

IX. REPORT OF THE COUNCIL

The Council has the pleasure to submit this report together with the financial statements for the year ended 30June 2014 which show the state of the University's affairs.

Principal activities

The principal activity of the entity is to offer high quality university training, carry out innovative research and community outreach programmes for sustainable socio-economic development.

Financial Performance

The performance in the period ended 30 June 2014 is set out in the subsequent pages of this document. The University recorded a surplus of **Kshs 63,547,338** during the 2013/2014 financial Year.

Council

The members of the Council who served during the year are shown on page 4 & 5 of this report.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Section 14 of the Public Audit Act, 2003.

By Order of the Council

29/09/2014

Sign:.................................. **Date.......................**

Prof. Stephen G. Agong', PhD, FAAS
Vice Chancellor/Chief Executive Officer

X. STATEMENT OF COUNCIL RESPONSIBILITIES

The Universities Act No. 42 of 2012 requires the Council to prepare financial statements of the University which give a true and fair view of the state of affairs of the University as at the end of each financial year and of its operating results for that year. The Council is also required to ensure that the University maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the assets of the University.
The council is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards (IPSASs) and in the manner required by the Kenyan Public Finance Management Act, and for such internal controls as the council determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Financial Management Act, 2012and the State Corporations Act Cap 446.The Council is of the opinion that the University's financial statements give a true and fair view of the state of the University's financial affairs of the company and of its financial performance. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the University's financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Council that indicate 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'sfinancial statements were approved by the Councilon 29 September 2014 and signed on its behalf by:

Chairman	Vice Chancellor

XI. INDEPENDENT AUDITORS REPORT

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

THE REPORT OF THE AUDITOR-GENERAL ON JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2014

I have audited the accompanying financial statements of Jaramogi Oginga Odinga University of Science and Technology set out on pages 16 to 34 which comprise the statement of financial position as at June 2014, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief were necessary for the purpose of the audit

Management's Responsibility for the Financial Statements

The Jaramogi Oginga Odinga University of Science and Technology 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 misstatements, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating 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 audit opinion.

Opinion

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

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

21 April 2015

XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 Kshs.	2013 Kshs.
Revenue from non- Exchange Transactions			
Recurrent Grants	2	507,158,608	450,294,997
Research Grants	3	30,380,969	71,826,067
		537,539,577	**522,121,064**
Revenue from Exchange Transactions			
Tuition and Other Related Fees	4	406,015,232	214,408,035
Rental Income	5	11,841,692	10,965,768
Financial Income	6	1,112,231	121,754
Other Income	7	27,705,335	26,913,813
		446,674,490	**252,409,370**
Total Revenue		**984,214,067**	**774,530,434**
Expenditure			
Employee Costs	8	(674,369,114)	(472,511,895)
General Expenses	9	(186,508,544)	(151,860,188)
Repairs and Maintenance	10	(9,036,857)	(10,365,571)
Depreciation Expense	11	(24,841,616)	(35,624,921)
Research Expenses	12	(19,779,387)	(71,826,067)
Council Expenses	13	(6,447,400)	(10,129,036)
Total Expenditure		**(920,982,918)**	**(752,317,678)**
Other Gains			
Gains on Foreign Exchange transactions	14	316,189	-
Operating Surplus		**63,547,338**	**22,212,756**

The notes set out on pages 25 to38 form an integral part of these Financial Statements

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 Kshs.	2013 Kshs.
ASSETS			
Current assets			
Cash and cash equivalents	15	116,641,438	57,186,073
Receivables from exchange transactions	16	121,181,774	23,687,625
Receivables from non-exchange transactions	17	5,870,311	35,069,583
Inventories	18	7,238,498	5,336,763
		250,932,021	**121,280,044**
Noncurrent assets			
Biological Assets	19	598,000	403,000
Intangible assets	20	3,095,160	-
Property, plant and equipment	21	1,690,006,119	1,513,759,648
Total Non-Current Assets		**1,693,699,279**	**1,514,162,648**
TOTAL ASSETS		**1,944,631,300**	**1,635,442,692**
LIABILITIES			
Current liabilities			
Trade and Other Payables	22	86,849,846	57,906,918
Employee benefit obligations	23	22,240,340	30,681,106
Refundable deposits from customers	24	6,831,025	-
Deferred income	25	16,256,289	13,597,898
Prepayments and Deposits	26	63,081,386	-
Total Liabilities		**195,258,886**	**102,185,922**
Net Assets		**1,749,372,414**	**1,533,256,770**
Capital Grants Reserves	27	1,669,484,071	1,380,562,494
Revenue Reserve		79,888,343	152,694,276
Total Equity		**1,749,372,414**	**1,533,256,770**
Total net assets and liabilities		**1,749,372,414**	**1,533,256,770**

The notes set out on pages 25 to 38 form an integral part of these Financial Statements

The Financial Statements set out on pages 21to24were signed on behalf of the Council by:

Dr. Boniface Jumwa Mwandotto
Chairman

Date 29/09/2014

Prof. Stephen G. Agong
Vice Chancellor

Date 29/09/2014

XIV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Capital Reserves Kshs.	Revenue Reserve Kshs.	Total Equity Kshs.
Balance as at 1 July 2012	**1,048,563,705**	**130,463,520**	**1,179,027,225**
Surplusfor the year	-	22,212,756	**22,212,756**
Capital Development Grants	331,998,789	-	**331,998,789**
Revaluation Reserves		18,000	**18,000**
Balance as at 30 June 2013	**1,380,562,494**	**152,694,276**	**1,533,256,770**
Balance as at 1 July 2013	**1,380,562,494**	**152,694,276**	**1,533,256,770**
Surplus for the year	-	**63,547,338**	**63,547,338**
Capital Development Grants	152,568,306	-	**152,568,306**
Movement During the year	136,353,271	(136,353,271)	-
Balance as at 30 June 2014	**1,669,484,071**	**79,888,343**	**1,749,372,414**

XIV. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2014

	2014 Kshs.	2013 Kshs.
Cash flowsfromoperatingactivities		
Receipts		
Recurrent Grants	507,158,608	450,294,997
Research Grants	38,988,835	85,826,067
Tuition and Other Related Fees	350,677,701	200,720,480
Rental Revenue from Facilities and equipment	11,841,692	10,965,768
Financial Income- External Investments	1,112,231	121,754
Other Income	27,705,335	26,601,368
Total Receipts	**937,484,402**	**774,530,434**
Payments		
Employee Costs	(668,682,507)	(487,772,037)
General Expenses	(177,476,571)	(165,146,604)
Repairs and Maintenance	(9,036,857)	(10,365,571)
Research Expenses	(19,625,396)	(71,826,067)
Council Expenses	(6,447,400)	(10,129,036)
Total Payment	**(881,268,731)**	**(745,239,315)**
Net Cash flows from operating activities	**56,215,671**	**29,291,119**
Cash flows from investing activities		
Purchase of Property and equipment	(146,233,452)	(416,737,119)
Purchase of intangibles assets	(3,095,160)	
Net cash flow from Investment activities	**(149,328,612)**	**(416,737,119)**
Cash flows from financing activities		
Capital Grants	152,568,306	331,998,789
Net Increase in cash and cash equivalents	**59,455,365**	**(55,447,211)**
Movement in Cash and cash Equivalents		
Cash and cash Equivalents at the beginning	57,186,073	112,633,284
Cash and cash Equivalents at the end	**116,641,438**	**57,186,073**
Represented by:		
Cash in Hand	-	54,279
Cash in Bank	116,641,438	57,131,794
Total	**116,641,438**	**57,186,073**

XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Recurrent Grants	464,158,608	43,000,000	507,158,608	507,158,608	-
Development Grants	118,800,000	33,768,306	152,568,306	152,568,306	-
Research Grants	38,988,835	-	38,988,835	38,988,835	-
Tuition and Other Related Fees	361,000,000	-	361,000,000	350,677,701	10,322,299
Rental Revenue from Facilities and equipment's	11,934,000	-	11,934,000	11,841,692	92,308
Financial Income - External Investments	1,000,000	-	1,000,000	1,112,231	(112,231)
Other Income	25,000,000	-	25,000,000	27,705,335	(2,705,335)
Total Income	**1,020,881,443**	**76,768,306**	**1,097,649,749**	**1,090,052,708**	**7,597,041**
Expenses					
Employee Costs	622,273,744	43,000,000	665,273,744	(668,682,507)	(3,408,763)
General Expenses	185,194,000	-	185,194,000	(177,476,571)	7,729,771
Repairs and Maintenance	10,920,000	-	10,920,000	(9,036,857)	1,883,143
Research Expenses	38,988,835	(4,139,430)	34,849,405	(19,625,396)	15,224,009
Council Expenses	8,700,000	-	8,700,000	(6,447,400)	2,252,600
Capital Expenditures	149,381,696	37,907,736	187,289,432	(149,328,612)	37,961,018
Total Expenditure	**1,015,458,275**	**76,768,306**	**1,092,226,581**	**(1,030,597,343)**	**61,641,778**
Surplusforthe Period	**5,423,168**	**-**	**5,423,168**	**59,455,365**	

Note. Statement of budget is prepared on the basis of cash inflow and outflow.

1. Under tuition and related charges the University did not realize the projected figures owing to less than 100% turn out in the number of expected students.
2. The absorption of funds under research expenses was low owing to the timing differences when proposals are written and actual research funds received.
3. The absorption of capital funds lagged behind due to certification of on-going development projects as well as delayed procurement processes in the acquisition of movable assets.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

Jaramogi Oginga Odinga University of Science and Technology financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Government Recurrent Grants and other Donors Research Grants

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions Student's fees

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

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.

b)Budget information

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. 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. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Description	Annual Rate
Buildings	2.5%
Plant, machinery and equipment	20%
Office equipment	20%
Computer equipment	33.3%
Motor vehicles	25%
Furniture and fittings	12.5%
Crockery & Utensils	33.5%
Library Books	20%

Depreciation is calculated on the straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the annual rates above:

d) Intangible assets

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

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

e) Research and development costs

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

f) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process as permitted by the standards.

g) Inventories

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

h) Provisions

Provisions are recognized when the University 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. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The University does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements.

j) Changes in accounting policies and estimates

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

k) Employee benefits

The University provides retirement benefits for its employees. Defined contribution plans are postemployment 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. The University also contributes to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act, 2013.

l) Foreign currency transactions

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.

m) Cash and cash equivalents

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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank net of bank overdrafts.

n) Comparative figures

The comparative prior year figures are shown against every item in the financial statements. Consistent accounting methods have been applied and changes made will be reported and the effect on reported results disclosed.

o) Significant judgments and sources of estimation uncertainty

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Management shall ensure compliance with the Standards where such events become manifest.

p) Subsequent events

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

q) Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

r) Leases

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

s) Investment Property

Investment property is land or buildings held (whether by the University or under a finance lease) to earn rentals or for capital appreciation or both, rather than production or sale in the ordinary course of operations. Investment property shall be recognized as permitted by the IPSAS using the appropriate recognition model.

t) **Segment Reporting**

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

u) Impairment of cash generating assets

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

v) **Impairment of Non-cash generating assets**

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

w) Agriculture

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

		2014 Kshs.	2013 Kshs.
2	**Government Grant**		
	Government Recurrent grant	505,397,500	450,294,997
		1,761,108	
	Total	**507,158,608**	**450,294,997**
3	Research Grants Income		
	WHO Malaria Project	12,400,148	
	KAPPAP	2,559,223	
	ICLD Project	1,938,590	
	HortinleaProject	1,172,754	
	Warienda Project	1,137,890	
	KLIP Project	3,808,362	56,190,129
	IPAS Project	2,005,244	
	OtherGrants	5,358,758	15,635,938
		30,380,969	**71,826,067**
4	**Tuition and Other Related Charges**		
	Activity Fee	4,479,150	2,315,600
	Examination Fee	8,327,122	4,209,600
	Library Fee	10,317,761	11,224,900
	Medical Fee	6,865,950	4,793,250
	Student ID	1,477,210	1,061,100
	Student Union fee	670,861	576,750
	Teaching Practice	1,983,420	1,217,100
	Tuition Fees	371,893,758	189,009,735
	Total	**406,015,232**	**214,408,035**
5	**Rental Income**		
	Students Accommodation Fees	7,610,292	7,439,989
	Staff Rent Income	3,702,000	2,657,082
	Hall Hire	529,400	868,697
	Total	**11,841,692**	**10,965,768**
6	**Finance Income**		
	Interest Income	**1,112,231**	**121,754**
7	**Other Incomes**		
	Application Fees	3,423,550	3,355,950
	Catering Income	15,490,940	11,134,828
	Canteen sales	3,734,450	3,592,268
	Library Income & Fines	420,639	366,228
	Milk & farm Produce Income	2,451,799	1,632,437
	Nursery School Income	769,085	742,973
	Tender sales	210,800	1,050,000
	Miscellaneous Income		312,445
	Training and workshop Grants	822,110	4,260,362
	Water Sales	381,962	466,322
		27,705,335	**26,913,813**

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

		2014 Kshs.	2013 Kshs.
8	**Employee Costs**		
	Payroll expenses	574,523,333	403,932,049
	Staff Honorarium	-	345,348
	Office Entertainment	2,370,596	2,857,259
	Medical Expenses	27,458,394	18,799,153
	Part time Lecturers	62,008,575	42,953,997
	Staff Development	3,100,496	3,624,089
	Provision for Tax penalty and Interest	4,907,720	
	Total	**674,369,114**	**472,511,895**
9	**General Expenses**		
	Admission Related expenses	486,965	501,067
	Accreditation Expenses	444,100	13,015,745
	Advertising & Publicity	5,622,159	8,623,149
	Auditing Services	678,452	534,000
	Baseline Surveys	1,044,570	-
	Bad debts Written off	-	1,512,620
	Bank charges & commissions	513,980	593,547
	Book Allowance	1,753,200	1,514,800
	Canteen expenses	2,613,771	3,326,182
	Cleaning materials	2,353,398	512,352
	Committee expenses	2,570,052	353,889
	Computer Operating Expenses	6,824,808	4,542,271
	Conference & seminars	2,974,977	1,891,022
	Cooking Fuel & Gas	1,901,404	1,252,902
	Consultancy expenses	6,200,346	2,489,600
	Chancellors Expenses	1,358,055	-
	Dairy expenses	680,813	315,945
	Electricity expenses	11,261,809	6,786,900
	Equipment Hire expenses	-	653,230
	Examination Materials	5,673,814	2,019,523
	External Examiners	2,144,960	-
	Graduation Expenses	7,825,187	125,785
	ICT expenses	1,802,881	2,453,044
	Insurance Expenses	5,269,367	6,101,866
	Internet Expenses	3,100,982	2,659,297
	ISO Certification expenses	1,902,262	1,614,231
	Lease rental	21,364,782	7,732,375
	Library expenses	603,364	865,811
	Outreach Programmes	229,356	132,950
	Performance Contract expenses	625,814	747,243
	Postal &Courior expenses	1,624,410	1,658,090
	Purchase of foodstuff	21,945,451	19,226,780
	Sanitary Expenses	839,200	795,504

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

	Operating Expenses continues.	2014 Kshs.	2013 Kshs.
	Security expenses	8,323,571	5,442,064
	Senate expenses	528,790	316,500
	Shows & Exhibitions	2,251,528	4,900,383
	Special Needs Expenses	2,800,864	2,710,466
	Sports & Games	1,536,232	1,264,809
	Stationery Expenses	5,300,411	5,440,319
	Student welfare expenses	4,483,958	2,168,668
	Teaching Collaborations Expenses		335,239
	Teaching materials	974,212	766,722
	Teaching Practice & Field Attachment	3,257,158	3,316,734
	Telephone expenses	4,343,759	2,225,536
	Transport operating expenses	14,003,622	10,565,491
	Travelling &Accommodation	12,303,626	13,478,721
	Tuition Refunds		1,944,606
	Uniforms & Clothing	300,512	455,648
	Water &Sewerage expenses	1,865,612	1,976,562
	Total	**186,508,544**	**151,860,188**
10	**Repairs and Maintenance**		
	Building repairs and Refurbishments	7,163,686	7,448,209
	Maintenance of Plant and Equipment	1,873,171	2,917,362
		9,036,857	**10,365,571**
11	**Depreciation and Amortization Expenses**		
	Property Plant and Equipment	24,841,616	35,624,921
	Intangible Assets	-	35,624,921
		24,841,616	**35,624,921**
12	**Research Expenses**		
	WHO Malaria Project	5,250,101	
	KAPPAP	2,338,523	
	ICLD Project	1,518,590	
	Hortinlea Project	749,754	
	Warienda Project	1,022,905	
	KLIPProject	2,915,515	56,190,129
	IPAS Project	1,600,370	
	Other Grants	4,383,629	15,635,938
		19,779,387	**71,826,067**
13	**Council Expenses**		
	Honorarium	1,044,000	1,387,000
	Sitting Allowances	3,211,000	6,460,270
	Subsistenceallowances	2,192,400	2,281,766
		6,447,400	**10,129,036**
14	**Gains on Foreign Exchange transactions**		
	Foreign Exchange Gain	**121,189**	-
	Change infair value oBiological Assets	195,000	
		316,189	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

		2014 Kshs.	2013 Kshs.
15	**Cash and cash equivalents**		
	Bank Balances	116,641,438	57,131,794
	Cash Balances	-	54,279
	Total	**116,641,438**	**57,186,073**
16	**Trade and Other Receivables from exchange Transactions**		
	Staff Debtors (Imprest)	4,121,337	3,325,131
	Students Debtors	117,060,437	20,362,494
	Total	**121,181,774**	**23,687,625**
17	**Trade and Other Receivables from Non- exchange Transactions**		
	Electricity Deposits	320,000	320,000
	Overpayments to Suppliers	4,550,311	-
	Medical Deposits	1,000,000	1,000,000
	MoEST		33,749,583
	Total	**5,870,311**	**35,069,583**
18	**Inventories**		
	Food stuff	977,845	811,116
	Stationery	2,930,221	2,281,272
	Medical Inventory	828,952	820,884
	Maintenance Stores	1,696,147	768,637
	Canteen Stock	102,400	357,576
	Cleaning Materials	702,933	297,278
	Total	**7,238,498**	**5,336,763**
19	**Biological Assets**		
	Opening Balance	403,000	385,000
	Revaluation Reserve	195,000	18,000
	Balance at the End	**598,000**	**403,000**
20	**Intangible Assets**		
	Opening Balance	-	-
	Additions	3,095,160	
	Amortization for the year	-	
	Net Book Value	**3,095,160**	**-**

Currently the ERP system is estimated to have a useful life of three years after full implementation but is still work in progress thus no provision for amortization in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

21 Property Plants and Equipment

Current year	Land	Buildings	Work in Progress	Motor Vehicles	Equipment	Crockery's	Library Books	Computers	Furniture & Fittings	Total
Cost										
At 1 July 2012	30,379,760	207,503,952	838,104,048	40,648,267	27,841,312	873,064	8,731,451	12,096,734	18,633,378	**1,184,811,966**
Additions	-		386,590,646	6,336,576	6,280,137	-	6,935,538	4,021,492	6,572,730	**416,737,119**
At 1 July 2013	30,379,760	207,503,952	1,224,694,694	46,984,843	34,121,449	873,064	15,666,989	16,118,226	25,206,108	**1,601,549,085**
Additions	-		168,805,112	7,862,948	5,518,205	-	4,005,313	5,154,754	9,741,755	**201,088,087**
At 30 June 2014	**30,379,760**	**207,503,952**	**1,393,499,806**	**54,847,791**	**39,639,654**	**873,064**	**19,672,302**	**21,272,980**	**34,947,863**	**1,802,637,172**
Depreciation										
At 1 July 2012	-	10,362,649	-	19,386,410	7,264,420	645,225	1,929,117	7,776,915	4,799,780	**87,789,437**
Charge for the year		5,175,050		11,746,211	6,824,290	227,839	3,133,398	5,367,369	3,150,764	**35,624,921**
At 1 July 2013	-	15,537,699	-	31,132,621	14,088,710	873,064	5,062,515	13,144,284	7,950,544	**87,789,437**
Charge for the year		4,799,156		5,928,793	5,110,189	-	2,921,957	2,706,856	3,374,665	**24,841,616**
At 30 June 2014	-	**20,336,855**	-	**37,061,414**	**19,198,899**	**873,064**	**7,984,472**	**15,851,140**	**11,325,209**	**112,631,053**
										-
At 30 June 2014	**30,379,760**	**187,167,097**	**1,393,499,806**	**17,786,377**	**20,440,755**	-	**11,687,830**	**5,421,840**	**23,622,654**	**1,690,006,119**
At 1 July 2013	**30,379,760**	**191,966,253**	**1,224,694,694**	**15,852,222**	**20,032,739**	-	**10,604,474**	**2,973,942**	**17,255,564**	**1,513,759,648**

NOTES TO THE FINANCIAL STATEMENTS CONTINUES

		2014 Kshs.	2013 Kshs.
22	**Trade and Other Payables**		
	Payables from provision of Services	5,865,063	57,906,918
	Payables from Supply of goods	76,077,063	
	Provision for Tax Penalty and Interest	4,907,720	
		86,849,846	**57,906,918**
23	**Employee benefits Obligations**		
	Part- time Claims	17,419,700	17,575,188
	Insurance Claims	4,820,640	4,820,640
	Gratuities		4,084,078
		22,240,340	**30,681,106**
24	**Refundable deposits from customers**		
	Students Caution Money	6,831,025	4,201,200
		6,831,025	**4,201,200**
25	**Deferred income**		
	WHO Malaria Project	5,843,399	
	KAPPAP	2,178,675	
	ICLD Project	1,518,590	
	DKK Kobenhavens	1,356,414	
	Hortinlea Project	82,958	
	KLIP Project	2,143,956	5,952,318
	IPAS Project	188,675	
	Other Grants	2,943,623	7,645,580
		16,256,289	**13,597,898**
26	**Prepayments and Deposits**		
	Students Payments in advance	63,081,386	-
	Total	**63,081,386**	**-**

27Capital Grants Reserve

The capital reserve relates to items of property, plant and equipment inherited from the formal Bondo TTC College and other transfers from revenue reserves on purchase of additional assets. As indicated in the Statement of Changes in Equity, this is stated after accumulating subsequent capital Development grants from GOK.

Revenue reserves represent Surplus amounts accumulated over the period net of any transfer to Capital reserves.

28. Contingent Liabilities

The University had no contingent liabilities in the year (2013-Nil).

29. Related Party Disclosures

The University had no dealings with any related party in the year under review.

30. Financial Risk Management

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

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

(i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and student receivables.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk is made up as follows:

	At 30 June 2014	**At 30 June 2013**
	Kshs	Kshs
Student Debtors (Note 16)	117,060,437	20,362,494
Bank Balances (Note 15)	116,641,438	57,131,794

The credit risk associated with these receivables is minimal hence no allowance for uncollectible amounts has been recognised in the financial statements.

(ii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit Committee.

The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Finance Committee) and for the day to day implementation of those policies.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

Market risk

(a) Foreign currency risk

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

(b)Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by 5% as a decrease/ increase of KSh. 55,612 (2012: Kshs.6,088).

(iii) Price risk

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

31Events after the end of the reporting period

There was no major event that occurred after the balance sheet date that would affect the value of the balance sheet.

XVII PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

In the year ending 30th June 2013, the University had unqualified report and hence there were no issues raised by the external auditor. The University however continues to enhance its Internal Control measure for continuous improvement of its service delivery.

Vice-Chancellor

Date 29/09/2014

Chairman of the Board

Date 29/09/2014

Academic Programmes

Jaramogi Oginga Odinga University of Science and Technology invites applications from qualified candidates to pursue various Postgraduate, Undergraduate, Diploma and Certificate programmes at its various campuses and centres: Main Campus in Bondo Town, Siaya County; Kisumu Campus in Kisumu Town; Kisii Campus in Kisii Town; Busia Learning Centre in Busia Town; Dr. Robert Ouko Campus in Muhorini,; Nambale Campus in Nambale town; and Kosele/Kendu Bay Learning Centre in Kosele and Kendu Bay Towns respectively.

SCHOOL OF AGRICULTURAL AND FOOD SCIENCES
Bachelor of Science in: Agribusiness Management; Food Security; Soil Science; Horticulture; Plant Breeding; or Agricultural Education and Extension
Master of Science in Agricultural Extension Education
PhD in all agricultural related areas
SCHOOL OF BIOLOGICAL AND PHYSICAL SCIENCES
Bachelor of Science in: Biology, Chemistry, Physics
Master of Science in: Plant Ecology; Plant Taxonomy and Economic Botany; Microbiology; Parasitology; Immunology; Molecular Biology; Entomology; Plant Pathology; Chemistry
PhD in: Plant Ecology: Plant Taxonomy and Economic Botany; Parasitology; Microbiology; Immunology; Molecular Biology; Entomology; Plant Pathology; Agro-forestry Chemistry
SCHOOL OF BUSINESS AND ECONOMICS
Master of Business Administration
Master of Logistics & Supply Chain Management
Executive Masters of Business Administration
Bachelor of Business Administration (with IT)
Bachelor of Logistics and Supply Chain Management
Bachelor of International Tourism Management
Diploma in: Tourism Management; or Business Administration
Certificate in: Business Administration; or Tourism Management
SCHOOL OF EDUCATION
Master of Education in: Planning and Economics of Education; Guidance and Counselling; Educational Psychology; Educational Administration; Curriculum Studies; Pedagogy; Educational Technology; Special Needs Education; Early Childhood Development and Education
PhD (in all the above listed areas)
Bachelor of Education (Arts) with IT
Bachelor of Education (Science) with IT
Bachelor of Education in Early Childhood Development and Education
Bachelor of Education (Special Needs Education)
Diploma in: Special Needs Education; or Early Childhood Development Education
SCHOOL OF ENGINEERING AND TECHNOLOGY
Diploma in Building and Civil Engineering
Bachelor of Science in: Construction Management; or Renewable Energy and Technology Management
SCHOOL OF HEALTH SCIENCES
PhD in: Public Health; or Community Health and Development
Master of Science in Epidemiology and Biostatistics
Master of Biomedical Sciences in: Medical Entomology; Parasitology; or Immunology
Master of Public Health

Academic Programmes

SCHOOL OF HEALTH SCIENCES
PhD in: Public Health; or Community Health and Development
Master of Science in Epidemiology and Biostatistics
Master of Biomedical Sciences in: Medical Entomology; Parasitology; or Immunology
Master of Public Health
Bachelor of Science in: Community Health and Development; or Public Health
Diploma in Community Health and Development
Certificate in Community Health & Development
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
PhD in: Geography; Religion; History; Linguistics; or Literature
Master of Arts in Geography; Religion; History; Linguistics; Literature; Kiswahili
Bachelor of Arts in Development and Policy Studies
Bachelor of Arts in Geography and Natural Resource Management
Diploma in Community Development
SCHOOL OF INFORMATICS AND INNOVATIVE SYSTEMS
PhD in Business Information Systems; PhD in Information Technology and Audit
Master of Science in: Information Systems; Information Technology Management; Information Technology Security and Audit; Health Informatics
Bachelor of Science in: Computer Security and Forensics; Information Communication Technology; Business Information Systems; Library and Knowledge Management; Computer Science and Technology
Diploma in: Linux for Engineering and IT Professionals; Computer Studies; or Computer Technology and Applications Studies
Executive Certificate in Computer Forensics and Cybercrime Investigation
Certificate in Computer Technology Applications
Computer Packages
SCHOOL OF MATHEMATICS AND ACTUARIAL SCIENCE
Bridging Course in Mathematics
Bachelor of Science (Actuarial Science) with IT; Industrial Mathematics; Pure Mathematics; or Applied Statistics
Master of Science in Applied Statistics; Actuarial Science; Mathematics; Applied Mathematics; Industrial Mathematics; Financial Mathematics
PhD in: Pure Mathematics; Applied Mathematics; or Statistics
SCHOOL OF SPATIAL PLANING AND NATURAL RESOURCE MANAGEMENT
PhD in Planning
Master of Science in Urban Environmental Planning and Management
Master of Arts (Project Planning and Management)
Bachelor of Arts (Spatial Planning)
Bachelor of Science in Water Resource and Environmental Management

Our Quality Policy

Jaramogi Oginga Odinga University of Science and Technology is a premier University of choices offering high quality, market-driven and society-demanded programmes and services through teaching, research , outreach and consultancy for the transformation of society. The University is committed to timely delivery of quality products and services through effective communication and efficient resource utilisation anchored on customer requirements. To achieve this commitment, the University Management will monitor and review its quality performance and objectives from time to time through implementation of an Effective Quality Management System based on **ISO 9001:2008 Standard and best practices.**


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