REPUBLIC OF KENYA

Paper Laid
By the Leader of Majority Party
On Wed 26/8/15

KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF CHUKA UNIVERSITY

FOR THE YEAR ENDED 30 JUNE 2014

CHUKA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED
JUNE 30, 2014

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

TABLE OF CONTENTS

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Chuka University is an independent public entity established through a charter as per the Universities Act, 2012.

(b) Principal Activities

The Mandate of the Chuka University as provided by Charter dated 8th January, 2013 is to:

- Provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya;
- Participate in the discovery, transmission, and preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific, and technological development of Kenya
- 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
- Conduct examinations for such academic awards as may be provided in the statutes pertaining to the University ; and
- Examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, study courses and subjects of study.

c) Key Management

The University's day-to-day management is under the following key organs:

Vice Chancellor
Deputy Vice Chancellor (AFP&D)
Deputy Vice Chancellor (ARSA)

(d) Entity Headquarters

P.O. Box 109, 60400
Chuka Town
KENYA

(e) Entity Contacts

Telephone: (254) 0202310512/0715505858/0731620266
E-mail: info@chuka.ac.ke

(f) Entity Bankers

Kenya Commercial Bank Ltd,
P.O. Box 7014 - 60400
Chuka

Cooperative Bank of Kenya
P.O. Box 101 – 60400
Chuka

Equity Bank Ltd
P.O. Box 213 - 60400
Chuka

(g) Independent Auditors

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

II. MEMBERS OF THE UNIVERSITY COUNCIL

1.	Prof. Reuben Indiatsi Nasibi	BA, (Redlands), MA., Ph.D. (Howard)
2.	Prof. E. N. Njoka	PGD, M.Sc., Ph.D. (Friendship University)
3.	Mary Moraa Masinde	B.Ed, M.Ed, (Moi)
4.	John Munge	BA, MA, (Kenyatta)
5.	John S. Mbaya	BA, MA, (UON)
6.	Linda Anne Lumbasi	BA, MA, (Moi)
7.	Jane J. Nakodony	BA, MBA, (Kenyatta)
8.	Amos Chiguba	B.Ed, M.Ed, (Moi)
9.	Justin Mabeya Machini	BSC, MSC, (Egerton)

III. MANAGEMENT TEAM

Prof. Kabiru Kinyanjui BA, (University of East Africa), M.A., Ph.D. (Harvard)	Chancellor
Prof. Reuben Nasibi Indiatsi BA, (Redlands), MA., Ph.D. (Howard)	Chairman of Council
Prof. E. N. Njoka, PGD, M.Sc., Ph.D. (Friendship University)	Vice Chancellor
Prof. Stanley M. Kagwanja B.Ed, M.Sc., (UoN), Ph.D. (Bristol, U.K)	Deputy Vice Chancelor (AFPD)
Prof. Dorcas K. Isutsa B.Sc, (Egerton), M.Sc., Ph.D., (Cornell)	Deputy Vice Chancellor (ARSA)
Francis M. Mulwa B.Ed., M.Ed., (UON), MIHRM, AMKIM	Registrar (Administration)
Jonathan M. Chara BA (UoN), PGDE, (Egerton)	Ag. Registrar (Academic Affairs)
John K. Thuranira BCOM, MBA, (Egerton), CPA (K)	Ag. Finance Officer

IV. CHAIRMAN'S STATEMENT

It is a great honour for me to present the sixth financial statements of Chuka University for Financial Year 2013/2014. This is the second time the statements are presented after the institution was elevated to a full pledged University. I am delighted because of the milestones we have made as a University. The government's objective of establishing the University was to enhance access to quality and affordable education in the Eastern region and Kenya at large. Education is a catalyst for transforming Kenya as envisaged in vision 2030.

Fixed assets of the University have grown significantly since the institution's inception and now stand at Ksh 1.8 billion. These assets which include buildings, plant and equipment, motor vehicles, computers and furniture make the institution conducive for higher learning. Construction of a modern Science Tuition Block, Business/Students Recreation Centre, Business Studies Complex, Media Studio and tarmacking of access roads are on-going and are expected to complete soon.

I wish to thank the Government of Kenya and other stakeholders for funding our projects during the financial year. The University's student population is growing fast and we continue to appeal for support for the projects in our strategic plan such as a modern Library Complex, Administration Block and modern IT infrastructure among others.

Lastly, my gratitude goes to my fellow Council members, the Management, Staff and Students of Chuka University for working indefatigably to ensure that the University succeeds in its mission.

Thank you.

Prof. Reuben Indiatsi Nasibi, Ph.D
COUNCIL CHAIRMAN

V. REPORT OF THE VICE CHANCELLOR

I am delighted to present the Annual Report and Financial Statements of Chuka University for the year ended 30th June, 2014 as per the Chuka University Charter and Exchequer and Audit Act 2003.

During the year under review, the University realized a surplus of Ksh 348 million compared to Ksh 179 million for the year ended 30th June, 2013. During the same year, the University generated Ksh 513 million as Appropriation In Aid which was used to fund purchase of equipment, support construction projects and in operations. The Government contributed a total of Ksh 100 million to support capital projects and Ksh 604 million for recurrent expenditure.

The University has continued with its core business of teaching, training and research. The University had a student population of over 10,000 and is expected to double in the next five years. Establishment of Embu Town, Igembe and Chogoria campuses would enhance access to university education and improve the financial base of the University. Staff population was 381 at the end of the year.

On behalf of Chuka University, I wish to take this opportunity to thank the Government and all our development partners for their important support.

Finally, I would like to express my sincere appreciation to the University Council for providing policy and strategic guidelines, the University staff and students who worked meticulously to ensure smooth and successful operations of the University.

Thank you all.

Prof. E.N. Njoka, Ph.D
VICE - CHANCELLOR

REPORT OF THE COUNCIL

The Council submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the University's affairs.

Principal activities

The principal activities of the University are to provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of citizens of Kenya.

Results

The results of the University for the year ended June 30, 2014 are set out on page 13-16

University Council

The members of the Council who served during the year are shown on pages ii to iii In accordance Universities Act, 2012.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Section 38 & 39 of the Public Finance Management (PFM) Act, 2012.

By Order of the University Council

Prof. E.N. Njoka, Ph.D
VICE - CHANCELLOR

Date......10/7/2015..........

VI. STATEMENT OF COUNCILS' RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The 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 PFM Act and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2014, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on 11th September, 2014 and signed on its behalf by:

Prof. Reuben Indiatsi Nasibi, Ph.D
CHAIRMAN OF COUNCIL

Prof. E.N. Njoka, Ph.D
VICE – CHANCELLOR/CEO

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www. kenao.go.ke

P.O. Box 30084-00100
NAIROBI

HARAMBEE

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Chuka University set out on pages 11 to 34, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of cash flows, statement of changes in equity for the period then ended and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Property, Plant and Equipment's

As reported in the previous years, included in the property, plant and equipment balance of Kshs.1,834,317,208 as at 30 June 2014 is a parcel of land namely Karingani/Ndagani/741 measuring 1.0 hectares valued at Kshs.7,500,000 whose title was not made available for audit verification, although a letter of allotment dated 28 June 2011 is held by the University.

In the circumstance, it has not been possible to confirm the ownership and accuracy of the property, plant and equipment's balance of Kshs.1,834,317,208 as at 30 June 2014.

2. Delayed Completion of Project

The work-in-progress includes Proposed Pedestrian Walkways, Storm Drainage and Parking which ought to have been completed by 15 March 2013 as per Tender Ref.No.CUC/Tender/Vol.II/2011/2012. However, as at the time of audit in October 2014, the contractor was still on site. There was no evidence produced for audit review to show the contractor had sought for an extension of the completion period and granted. It was therefore not clear why the contractor failed to complete the project as per the terms of the contract and the University had not demanded for liquidated damages.

As a result, the university community has been denied the planned and budgeted services as at 30 June 2014.

3. Irregularities in the Procurement of a Heavy Duty Printer

During the year under review, the university paid a supplier Kshs.1,798,000 in respect of supplying a heavy duty Copier/Printer- a Kyocera Taskalfa T800i. However, the following observations were made:

i) The value of the contract price of Kshs.1,798,000 was above the maximum threshold provided for class B entities in schedule one of the Public Procurement and Disposal Regulations 2006 for request of quotations.

ii) Eight of the nine quotations were opened on 24 February2014 by only one officer from the procurement department instead of the minimum three required by the public procurement and disposal general manual in paragraph 7.5. Further, the remaining one quotation and which was the eventual winning bidder was not signed by the officer(s) who opened it.

iii) All the nine quotations did not have the closing date indicated. It was therefore not clear how the potential suppliers knew that the bids would be opened on 24 February 2014.

iv) Two of the bidders, had quoted for a Ricoh brand copier at a cost of Kshs.965,000 and Kshs.966,280 respectively while another company had quoted for a HP brand copier at a cost of Kshs.64,500. However, the evaluation report indicated that the three bids were not considered as the suppliers who had quoted Kyocera for the heavy duty photocopier were preferred because it met all the specifications.

The report did not indicate the specifications lacking in the Ricoh and HP branded copiers, making it difficult to establish the grounds for disqualification.

In view of the foregoing, it has not been possible to confirm whether the university got value for money in the procurement of the heavy duty printer for Kshs.1,798,000.

4.0 Unaccounted for Revenue

4.1 Revenue from Medical Department

During the year under review, the University's medical department generated total income of Kshs.3,464,000 from the Joint Admission Board. However, no supporting accounting records were provided for audit review while, Kshs.52,565 earned from dispensary services offered to staff were not supported by a staff debtor's ledger.

Further, dispensary expenses of Kshs.1,549,030 during the period differed with the general ledger amount of Kshs.522,504 resulting to an unexplained overstatement of Kshs.1,026,525. In addition, JAB students treatment expenses of Kshs.1,563,520 relating to pharmacy and laboratory expenses were not supported. Medicine purchases of Kshs.473,470 although entered in the main store record were also not supported with stores requisitions and issue notes.

In the circumstances, the accuracy and completeness of the medical Income Generating Unit (IGU) revenue of Kshs.3,464,000 and the medical expenditure of Kshs.3,556,020 could not be ascertained as at 30 June 2014.

4.2 Loss of Revenue from Farm IGU

Revenue collected from the farm during the period under review amounted to Kshs.590,019 against an expenditure of Kshs.1,167,273. This resulted to an unexplained loss of Kshs.577,254 as at June 2014 as compared to a loss of Kshs.392,774 for the year ended 2013. Further, the farm has continued making losses over the years.

No efforts appear to have been made by the management to turn around the farm to an income generating activity.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements presently 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 the International Public Sector Accounting Standards and comply with Chuka University Charter of 8 January 2013.

Other Matter

Irregular Procurement

The University procured an Agricultural Tractor (Massey Ferguson) from FMD East Africa at a cost of Kshs.2,705,000 who was the second lowest bidder. The lowest bidder M/s CMC Group limited had quoted a price of Kshs.2,650,000. The university lost Kshs.55,000 by deciding to buy from the second lowest bidder. Management has not explained as to why the tender was not awarded to the lowest bidder. My opinion is not qualified in respect to the above matter.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

6 August 2015

Chuka University
Statement of financial performance
for the Year Ended June 30, 2014

	Note	2013-2014 Ksh	2012-2013 Ksh
Revenue from non-exchange transactions			
Exchequer Grants	3	604,882,723.40	441,636,132.00
Revenue from exchange transactions			
Tuition and Related Income	4	497,174,585.14	234,976,361.00
Income Generating Activities	5	891,253.80	1,499,493.00
Other Income	6	41,162,940.02	57,676,507.00
Total Revenue		**1,144,111,502.36**	**735,788,493.00**
Expenses			
Employment Expenses	7	515,636,911.35	349,127,659.45
Council Expenses	8	9,462,226.06	8,916,488.00
Prov. for Depreciation of Assets	9	65,487,730.04	54,007,053.20
Establishment Expenses	10	5,651,079.90	9,731,521.00
Administrative Expenses	11	74,401,674.60	59,113,068.00
Marketing Expenses	12	23,783,266.04	23,051,005.00
Academic Expenses	13	100,151,312.12	50,516,990.00
Financing Expenses	14	-	907,077.00
Provision for Audit Fees		696,000.00	600,000.00
Total Expenditure		**795,270,200.11**	**555,970,861.65**
Surplus/ (Deficit)		**348,841,302.25**	**179,817,631.35**

The notes set out on pages 17 to 33 form an integral part of the financial statements

Chuka University
Statement of Financial Position
As at June 30, 2014

	Note	2013-2014	2012-2013
		Ksh	**Ksh**
Current Assets			
Cash & Cash equivalents	15	644,134,421.59	137,988,282.69
Receivables from exchange transactions	16	47,770,134.30	37,235,234.11
Inventories	17	10,627,022.90	9,614,470.00
Short-Term investments	18	50,000,000.00	510,000,000.00
		752,531,578.79	**694,837,986.80**
Non- current Assets			
Property, Plant & Equipment	21	1,834,317,208.23	1,412,456,693.93
Biological Assets	19	1,160,800.00	888,000.00
		1,835,478,008.23	**1,413,344,693.93**
Total Assets		**2,588,009,587.02**	**2,108,182,680.73**
Liabilities			
Current Liabilities			
Payables from exchange transactions	20	92,885,781.91	53,038,525.38
Retention- WIP		37,832,340.11	76,547,408.00
Total liabilities		**130,718,122.02**	**129,585,933.38**
Net assets		**2,457,291,465.00**	**1,978,596,747.35**
Revenue reserves		1,046,657,076.60	1,051,994,792.00
Capital fund		1,152,057,821.80	697,815,774.35
Revaluation reserve		258,576,566.60	228,786,181.00
Total liabilities and net assets		**2,588,009,587.02**	**2,108,182,680.73**

The Financial Statements set out on pages 1 to 33 were signed on behalf of the council by:

Prof. E.N. Njoka, Ph.D
VICE – CHANCELLOR/CEO

Prof. Reuben Indiatsi Nasibi, Ph.D
CHAIRMAN OF COUNCIL

Chuka university
Statement of Changes in Reserves/Equity

	Capital Fund Ksh	Revaluation Reserves Ksh	Revenue Re-serves Ksh	Total Ksh
Balance as at 01/07/2012	**893,146,323.00**	**228,786,181.00**	**517,998,143.00**	**1,639,930,647.00**
Surplus/Deficit for the year	-	-	179,817,631.35	179,817,631.35
Capital Grants	158,848,469.00	-	-	158,848,469.00
Balance as at 30/06/13	**1,051,994,792.00**	**228,786,181.00**	**697,815,774.35**	**1,978,596,747.35**
Surplus/Deficit for the year	-	-	348,841,302.25	348,841,302.25
Gain on Revaluation		29,790,385.60	-	29,790,385.60
Capital Grants	100,063,029.80	-	-	100,063,029.80
Balance as at 30/06/14	**1,152,057,821.80**	**258,576,566.60**	**1,046,657,076.60**	**2,457,291,465.00**

Chuka University
Cash flow Statement
for the Year Ended June 30, 2014 and June 30, 2013

	Note	2013-2014	2012-2013
		Ksh	**Ksh**
Cash Flow From Operating Activities:			
Receipts			
Tuition and Related Income		497,174,585.14	234,976,361.00
Exchequer Grants		604,882,723.40	441,636,132.00
Income Generating Activities		891,253.80	1,499,493.00
Other Income		41,162,940.02	57,676,507.00
		1,144,111,502.36	**735,788,493.00**
Payments			
Employment Expenses		515,636,911.35	349,127,659.45
Council Expenses		9,462,226.06	8,916,488.00
Establishment Expenses		5,651,079.90	9,731,521.00
Administrative Expenses		74,401,674.60	59,113,068.00
Marketing Expenses		23,783,266.04	23,051,005.00
Academic Expenses		100,151,312.12	50,516,990.00
		729,086,470.07	**500,456,731.45**
Net Cash flows from Operating Activities		**415,025,032.29**	**235,331,761.55**
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment		(468,941,923.19)	(427,396,436.35)
Decrease/increase in investments		460,000,000.00	78,581,128.49
Net cash flows used in investing activities		**(8,689,556.02)**	**(348,815,307.86)**
Cash flows from financing activities			
Government Grants – Capital		100,063,029.80	158,848,469.00
		100,063,029.80	**158,848,469.00**
Net Increase / (Decrease) In Cash & Cash Equivalents		**506,146,138.90**	**45,364,922.69**
Cash & Cash Equivalents at 1 July 2014	14	137,988,282.69	92,623,360.00
Cash & Cash Equivalents at 30 June 2014	14	**644,134,421.59**	**137,988,282.69**

Chuka University
Statement of comparison of Budget and Actual Amount

	Actual	Final Budget	Performance difference
	2013-2014	**2013-2014**	**2013-2014**
Revenue	**Ksh**	**Ksh**	**Ksh**
Government Grants - Recurrent	604,882,723.40	516,032,000.00	(88,850,723.40)
Government Grants - Development	100,063,029.80	127,000,000.00	26,936,970.20
Internally generated funds (service delivery)	539,228,778.96	474,000,000.00	(65,228,778.96)
Interest from investments	35,252,515.02	30,500,000.00	(4,752,515.02)
Savings	506,146,138.90	702,396,770.00	196,250,631.10
Total revenue	**1,785,573,186.08**	**1,849,928,770.00**	**64,355,583.92**
Expenses			
Transport Operating Expenses	2,816,128.89	23,000,000.00	20,183,871.11
Travelling and Subsistence	10,338,968.04	29,000,000.00	18,661,031.96
Postage and Telephone Expenses	2,294,971.23	2,422,447.00	127,475.77
Official Entertainment	2,037,099.40	1,552,851.00	-484,248.40
Expenses of university Committees	828,400.00	2,658,552.00	1,830,152.00
Council Expenses	9,462,226.06	8,752,081.00	-710,145.06
Electricity Expenses	7,139,032.28	9,317,104.00	2,178,071.72
Water Expenses	8,639,693.60	6,211,402.00	-2,428,291.60
Teaching Materials	1,400,199.00	6,211,402.00	4,811,203.00
Uniform and Clothing	738,672.00	1,863,421.00	1,124,749.00
Newspapers, Library Journals	560,520.00	3,493,914.00	2,933,394.00
Office Stationery	5,660,068.96	8,385,393.00	2,725,324.04
Audit Fees	-	621,140.00	621,140.00
Rents and Rates	580,000.00	3,105,701.00	2,525,701.00
Bank Charges	806,669.11	1,552,851.00	746,181.89
Insurance--G/L, GPA,LE and Property	5,098,097.00	20,000,000.00	14,901,903.00
Legal Charges	288,800.00	3,105,701.00	2,816,901.00
Conferences/Seminars and Staff training	3,298,481.50	4,220,755.00	922,273.50
Repairs/Ref of Equipment & Buildings	3,574,643.90	4,434,977.00	860,333.10
Staff Welfare Expenses	-	1,863,421.00	1,863,421.00
Graduation Expenses	996,210.80	10,000,000.00	9,003,789.20

Staff Education Fund	124,000	1,552,851.00	1,428,851.00
Student Welfare Expenses	4,592,478.40	3,434,977.00	-1,157,501.40
Animal Production Materials (AI)	164,835.00	517,617.00	352,782.00
Internet Expenses	4,991,040.00	3,882,127.00	-1,108,913.00
security services	1,381,000.00	3,000,000.00	1,619,000.00
Hire of cleaning services	-	3,000,000.00	3,000,000.00
Cleaning Materials	1,607,597.00	1,500,000.00	-107,597.00
Personnel Emolument	316,267,828.00	540,000,000.00	223,732,172.00
Research & Outreach Funds	600,000.00	8,000,000.00	7,400,000.00
Teaching Practice, Field Att. & Academic Trips	2,962,500.00	12,000,000.00	9,037,500.00
Part-time Lecturers Expenses	91,089,957.82	100,983,084.00	9,893,126.18
Professional services	8,392,277.10	9,000,000.00	607,722.90
Advertisement & Publicity	22,385,040.40	20,292,847.00	-2,092,193.40
Exhibitions and Local Shows	1,398,226.00	5,039,589.00	3,641,363.00
Library Books	2,804,180	11,272,082.00	8,467,902.00
Teaching Laboratory Equipment	1,400,199.00	58,000,000.00	56,599,801.00
Office Equipment and Furniture	10,398,580.00	16,546,578.00	6,147,998.00
Computers, Printers & Accessories	7,712,190.00	13,141,998.00	5,429,808.00
MIS	-	5,591,714.00	5,591,714.00
Motor vehicles	3,585,642.00	40,600,000.00	37,014,358.00
Campuses' Expenses	2,500,000.00	7,366,856.00	4,866,856.00
Media Studio Equipment	889,370.00	7,775,142.00	6,885,772.00
Medical Laboratory Equipment	3,612,245.00	5,183,428.00	1,571,183.00
Capital projects	516,998,383.42	820,474,767.00	303,476,383.58
Total payments	**1,072,416,450.91**	**1,849,928,770.00**	**777,512,319.09**
Net receipts/payments	**713,156,735.17**	-	**(713,156,735.17)**

NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance and basis of preparation – IPSAS 1

The University's 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 entity. 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.

Note 1: Accounting Policies

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The principles adopted are as follows:

Accounting policies

a) **Revenue recognition**

Revenue from non-exchange transactions – IPSAS 23

Fees and fines

The entity recognizes revenues from fees and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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.

Revenue from exchange transactions – IPSAS 9

Rendering of services

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. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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 – 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.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment – IPSAS 17

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

Property, plant and equipment are stated at cost less any recognized impairment loss. Costs include professional fee. University land is freehold property and not subjected to amortization. Depreciation on other property is charged so as to write off the value of the assets during their estimated useful life, using straight line method. Assets are subjected to a full year's depreciation except those acquired within the last three months of the year. The annual rates are:

Buildings	2.5%
Machinery and Equipment	20%
Furniture and Fittings	12.5%
Motor Vehicles	25%
Library Books	20%

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments – IPSAS 29

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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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 Entity 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.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method

- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

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. A provision of 1% of the total receivables has been provided to take care of receivables which may not be recovered in full.

Contingent liabilities

The Entity 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 Entity 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 Entity 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.

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.

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees. 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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

After University inherited the former Eastern Campus of Egerton University, the staff opted to remain in the Egerton University Pension Scheme. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively.

The University also contributes to the statutory National Social Security Fund (N.S.S.F.). This is a defined contribution scheme registered under N.S.S.F. Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and currently limited to a maximum of Ksh 200.00 per employee per month, while the employer contributes Ksh 200.00 per month.

n) 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.

o) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the council and the senior management staff.

r) 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. Bank account balances include amounts held at various banks at the end of the financial year.

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity'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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

u) Subsequent events – IPSAS 14

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

Note 3: Exchequer Grants- Recurrent	2013-2014	2012-2013
	Ksh	Ksh
Ministry of Higher Educ. S&T 02-July-13	34,439,649.00	-
08-Aug-13	62,800,000.00	-
08-Aug-13	43,000,000.00	-
28-Aug-13	34,439,648.40	34,439,648.40
30-Sep-13	37,290,000.00	34,439,648.40
31-Oct-13	40,070,840.10	34,439,648.40
28-Nov-13	37,303,939.00	34,439,648.40
24-Dec-13	37,303,939.00	97,239,648.40
05-Feb-14	37,303,939.00	34,439,648.40
03-Mar-14	37,303,939.00	34,439,648.40
28-Mar-14	37,303,939.00	34,439,648.40
30-Apr-14	46,968,944.60	34,439,648.40
23-May-14	19,330,011.30	34,439,648.40
28-May-14	25,411,074.00	34,439,648.40
03-Jun-14	37,303,939.00	-
30-Jun-14	37,308,922.00	-
	604,882,723.40	**441,636,132.40**

Note 4 : Tuition and Related Income	2013-2014	2012-2013
	Ksh	Ksh
Tuition Diploma & Certificates	74,051,165.50	59,335,567.00
Tuition JAB	136,207,690.50	33,778,614.00
Tuition SSP Undergraduate	252,170,629.64	114,213,210.00
Bridging Fees	1,690,713.50	1,406,970.00
Tuition SSP Postgraduate	27,934,986.00	22,455,200.00
Course Retake	1,510,400.00	536,800.00
Application Fees	3,609,000.00	3,250,000.00
	497,174,585.14	**234,976,361.00**

Note 5: Income Generating Activities	2014	2013
	Ksh	Ksh
IGU Income Catering	450,123.00	-723,994.00
IGU Income Medical	1,001,337.00	2,616,261.00
IGU Income Farm	-560,206.20	-392,774.00
	891,253.80	**1,499,493.00**

Note 6: Other Incomes	2013-2014	2012-2013
	Ksh	Ksh
Wear and Tear	124,100.00	75,250.00

Hire of Facilities	66,040.00	25,900.00
Disposal of Assets	84,625.00	179,410.00
Accommodation	5,067,000.00	6,455,000.00
Charges for A.I. Services	141,900.00	146,900.00
Library Subscription	2,100.00	2,000.00
Surcharges & Fines	95,875.00	37,396.00
Donations	-	-
Interest from Investments	35,252,515.02	47,099,140.00
Sale of Tender Documents	229,295.00	1,320,935.00
Decrease in Prov. for Bad Debts	-	37,235.00
External Grants	99,490.00	2,297,341.00
	41,162,940.02	**57,676,507**

Note 7: Employment Expenses	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Jul-13	33,448,072.65	20,587,314.00
Aug-13	53,133,699.96	20,154,786.00
Sep-13	37,276,663.08	20,154,898.00
Oct-13	35,006,461.79	21,173,104.00
Nov-13	34,642,428.83	21,134,766.00
Dec-13	34,624,344.24	38,883,845.00
Jan-14	41,510,401.84	34,298,631.00
Feb-14	36,618,144.63	32,032,468.00
Mar-14	35,492,047.58	31,313,512.00
Apr-14	86,017,782.81	30,779,628.00
May-14	37,938,923.69	31,009,233.00
Jun-14	38,173,884.79	30,509,514.00
Casual Labour Expenses	3,692,101.10	3,097,378.80
Gratuities	5,773,205.29	12,579,459.65
Hospitalization & Medical Expenses	2,288,749.07	1,419,122.00
	515,636,911.35	**349,127,659.45**

Note 8: Council Expenses	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Sitting Allowance	3,999,900.00	4,360,000.00
Lunch Allowance	247,000.00	445,000.00
Accommodation Allowance	2,352,000.00	2,004,000.00
Mileage	2,863,326.06	2,107,488.00
	9,462,226.06	**8,916,488.00**

Note 9: Prov. For Depreciation of Assets	**2013-2014**	**2012-2013**
	Ksh	**Ksh**

Depreciation Plant & Equipment	14,678,945.80	12,943,937.80
Depreciation Motor Vehicles	2,544,036.45	7,271,207.00
Depreciation Furniture & Fittings	5,175,358.75	4,086,347.00
Depreciation Computer Hardware	17,560,173.00	14,658,302.00
Depreciation Buildings	18,563,675.74	9,149,424.40
Depreciation Computer Software	3,175,058.70	2,678,325.00
Depreciation Library Books	3,790,481.60	3,219,510.00
	65,487,730.04	**54,007,053.20**

Note 10: Establishment Expenses	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Electricity Upgrading Expense	2,318,436.00	345,250.00
Repairs & Maint. Bld, Plant & Equip	3,332,643.90	9,079,271.00
Purchase of Animal Breeding Facilities	-	307,000.00
	5,651,079.90	**9,731,521.00**

Note 11: Administrative Expenses	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
General Insurances	5,098,097.00	4,058,390.00
Vehicle Repairs/Transport Operating Exp	2,816,128.89	4,183,851.00
Travelling & Subs. Staff	10,338,968.04	10,113,936.00
University Committees' Expenses	828,400.00	1,313,489.00
Animal breeding Expenses	164,835.00	0.00
Postage & Telephone	2,294,971.23	1,596,096.00
Electricity Expenses	7,139,032.28	5,173,807.00
Honorarium	784,545.82	192,300.00
Water Supply Expenses	8,639,693.60	4,572,624.00
Staff Uniforms	738,672.00	459,680.00
Newspapers Journals & Videos	560,520.00	558,625.00
Office Stationery	5,660,068.96	5,019,549.00
Subscriptions	439,935.00	1,478,284.00
Rent & Rates	580,000.00	348,000.00
Professional Services	8,392,277.01	157,673.42
Hire of Security Services	1,381,000.00	1,809,482.00
Computer Maintenance Expenses	326,500.00	6,000.00
Internet Expenses	4,991,040.00	8,236,357.58
Legal Fees	288,800.00	38,000.00
Official Entertainment	2,037,099.40	0.00
Student Welfare Expenses	4,592,478.40	2,288,381.00
Staff Welfare & Development Expenses	-	706,900.00
Conferences & Seminars	3,298,481.50	5,503,955.00
Bank Charges & Interest	806,669.11	-
Provisions For Bad Debts	471,864.36	-

Cleaning Materials	1,607,597.00	1,285,688.00
Staff Education Fund	124,000.00	12,000.00
	74,401,674.60	**59,113,068.00**

Note 12: Marketing Expenses	**2014**	**2013**
	Ksh	**Ksh**
Advertising & Publicity	22,385,040.04	20,737,955.00
Show & Exhibition Expenses	1,398,226.00	2,313,050.00
	23,783,266.04	**23,051,005.00**

Note 13: Academic Expenses	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Sal. & Wag. External Examiners	522,040.50	933,900.00
Part- Time Lect. Expenses	91,089,957.82	39,413,541.00
Graduation Expenses	996,210.80	94,900.00
Teaching Practice & Field Attachment All.	1,137,500.00	1,916,033.00
Academic Field Trips	1,825,000.00	666,856.00
Teaching/Lab. Materials	1,400,199.00	5,862,823.00
Examination Stationery	1,475,000.00	-
Other Research Expenses	1,705,404.00	1,628,937.00
	100,151,312.12	**50,516,990.00**

Note 14: Financing Expenses	**2014**	**2013**
	Ksh	**Ksh**
Bank Charges & Interest	-	529,724.00
Provisions For Bad Debts	-	377,353.00
Bad Debts Written Off	-	0.00
	-	**907,077.00**

Note 15:Cash & Cash Equivalents	**2014**	**2013**
	Ksh	**Ksh**
KCB – Fees Collection A/C - 1103755439	622,335,230.48	77,355,287.00
KCB – Operations A/C 1113791985	(2,494,166.93)	5,651,308.69
Equity IGU a/c 0293981713	1,771,829.45	348,179.00
Equity - Catering Dept. A/C	452,936.20	315,704.00
Equity Operations A/C 0210261453459	49,890.00	-
Equity fees collection A/C 0210261453469	4,472,385.00	-
Equity Research Fund A/C 0210262271525	317,385.00	-
Equity -TOWA A/C	232,032.00	692,012.00

Cooperative Bank -Development A/C 2058189900	7,280,266.04	29,165,888.00
Cooperative- Fees Collection A/C 01129058189900	9,716,634.35	24,459,904.00
	644,134,421.59	**137,988,282.69**

Note 16: Accounts Receivable	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Students Fees Receivable	33,545,137.86	33,789,854.00
Imprest Debtors	14,696,860.80	3,821,493.59
Provision For Bad & Doubtful Debts	-471,864.36	-376,113.48
	47,770,134.30	**37,235,234.11**

Note 17: Inventories	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Main Stores	9,617,416.00	8,851,049.00
Health Drug Store	616,459.00	365,477.00
Kitchen Store	850,449.00	397,944.00
	11,084,324.00	**9,614,470.00**

Note 18: Short-Term Investments	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
Fixed Deposit Account K.C.B.	-	400,000,000
Fixed Deposit Account Cooperative Bank	50,000,000	110,000,000
	50,000,000	**510,000,000**

Note 19: Biological Assets					
				2014	**2013**
Item	**Unit**	**Qty**	**Cost/unit**	**Ksh**	**Ksh**
Crops					
Maize	Bags	18	3,000.00	54,000.00	67,500.00
Coffee	Tree	1200	20.00	24,000.00	60,000.00
Bananas	Sucker	100	250.00	25,000.00	40,000.00
Cow peas				2,500.00	0.00
Onions				1,500.00	0.00
Carrots	Kg	350	40.00	14,000.00	0.00
Napier grass	Pick ups	6	6000	36,000.00	0.00
Beans	Bags	5	5000	25,000.00	0.00
Livestock					
Cows		3	75,000.00	225,000.00	225,000.00
Heifer		2	60,000.00	120,000.00	80,000.00
Calf-Bull		1	20,000.00	20,000.00	20,000.00
-Heifer		1	15,000.00	15,000.00	120,000.00
Bulls		3	80,000.00	240,000.00	
Sheep		16	3,500.00	56,000.00	25,500.00

Lambs			4	700.00	2,800.00	0.00
Llama -Males			1	60,000.00	60,000.00	0.00
-Females			1	100,000.00	100,000.00	100,000.00
Female-Creoles			2	70,000.00	140,000.00	150,000.00
Total					**1,160,800.00**	**888,000.00**

Note 20: Accounts Payable	**2013-2014**	**2012-2013**
	Ksh	**Ksh**
General Creditors	3,779,434.00	3,262,118.00
Student Caution Money	19,238,000.00	11,984,000.00
Student Fees Prepayment	37,375,983.64	11,795,253.00
Provision For Audit Fees	696,000.00	600,000.00
Lecturers Claims	31,796,364.27	25,397,154.38
	92,885,781.91	**53,038,525.38**

Note 21: Plant, Property & Equipment (Kshs)

Particulars	Land	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Computer HardWare	Computer Software	Library Books	Work In Progress (WIP)	Total (Kshs)
Cost/Value at 1/7/2012	**190,950,000**	**362,159,526**	**41,941,837**	44,128,310	**28,717,696**	**33,943,833**	-	**14,844,500**	**441,455,804**	**1,158,141,506**
Additions	30,000,000	-	22,777,852	-	3,973,079	14,917,173	8,927,749	1,253,048	345,547,535	427,396,436
W.I.P Capitalized	-	3,817,460	-	-	-	-	-	-	(3,817,460)	-
Disposals	-	-	-	-	-	-	-	-	-	-
Cost/Value at 1/7/2013	**220,950,000**	**365,976,986**	**64,719,689**	**44,128,310**	**32,690,775**	**48,861,006**	**8,927,749**	**16,097,548**	**783,185,879**	**1,585,537,942**
Additions for the Period	-	-	8,675,040	3,585,642	8,712,095	9,672,904	1,655,780	2,854,860	433,533,235	468,689,556
W.I.P Capitalized	-	475,946,366	-	-	-	-	-	-	(475,946,366)	-
Revaluation	-	-	-	(11,258,310)	-	-	-	-	-	(11,258,310)
Cost/Value on 30/6/2014	**220,950,000**	**841,923,352**	**73,394,729**	**36,455,642**	**41,402,870**	**58,533,910**	**10,583,529**	**18,952,408**	**740,772,749**	**2,042,969,188**
Accumulated Dep 01/07/2012	-	35,033,329	27,214,638	36,857,103	8,001,748	21,356,686	-	7,618,406	-	119,074,196
Depreciation Charge for The Period	-	9,149,425	12,943,938	7,271,207	4,086,347	14,658,302	2,678,325	3,219,510	-	54,007,054
Accumulated Dep 30/06/2013	-	**44,182,754**	**40,158,576**	**44,128,310**	**12,088,095**	**36,014,988**	**2,678,325**	**10,837,916**	-	**173,081,250**
Depreciation Charge for The Period	-	**18,563,676**	**14,678,946**	**2,544,036**	**5,175,359**	**17,560,173**	**3,175,059**	**3,790,482**	-	**65,487,730**
Accumulated Dep 30/06/2014	-	62,746,430	54,837,522	2,544,036	17,263,454	53,575,161	5,853,384	14,628,398	-	211,448,384
Net Book Value (NBV) at 30 June 2014	**220,950,000**	**680,052,967**	**18,557,207**	**36,455,642**	**24,139,416**	**4,958,749**	**4,730,145**	**4,324,010**	**840,149,071**	**1,834,317,208**
Net Book Value (NBV) at 30 June 2013	220,950,000	338,801,946	24,561,113	-	20,602,680	12,846,018	6,249,424	5,259,632	783,185,879	1,412,456,694