

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

*Paper laid  
By Hon. K.O. Methu (Opposition Party Whip)  
on Thurs. 19.11.2015 (pro)*

**REPORT  
OF  
THE AUDITOR-GENERAL  
ON  
THE FINANCIAL STATEMENTS OF  
DEDAN KIMATHI UNIVERSITY OF  
TECHNOLOGY**

**FOR THE YEAR ENDED  
30 JUNE 2014**



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Dedan Kimathi University of Technology set out on pages 1 to 18, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, the statement of changes in net assets, the 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 believe were necessary for the purpose of the audit.

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

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

The Council 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**

#### **Accuracy of the Financial Statements**

The statement of changes in net assets reflects restated opening net assets balance of Kshs.1,846,106,326 as at 1 July 2013. However, recomputed balance amounts to Kshs.1,711,488,763 as at the same date. The resultant difference of Kshs.134,617,563 was not reconciled or explained. Further, the cash flow statement for the year under review had a casting error of Kshs.415,898 on the total cash generated from operating activities thereby overstating closing cash and cash equivalents balance as at 30 June 2014.

In the circumstances, the accuracy of net assets balance of Kshs.1,906,237,070 and cash and cash equivalents balance of Kshs.(1,742,187) as at 30 June 2014 could not be confirmed.

#### **Qualified Opinion**

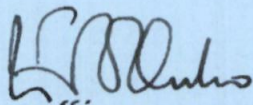
In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dedan Kimathi University of Technology as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with Universities Act 2012.

#### **Other Matter**

##### **Sustainability of Service**

During the year under review, the University recorded a deficit of Kshs.41,990,261 (2012/2013 surplus of Kshs.24,372,648), which reduced the accumulated revenue reserves from Kshs.265,833,289 to Kshs.153,595,170 as at 30 June, 2014. Further, current liabilities balance of Kshs.277,502,568 exceeded the current assets balance of Kshs.172,131,697 leading to negative working capital of Kshs.105,370,871 an indication that the University may be experiencing difficulties in settling maturing obligations as and when they fall due. However, the financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive support from the Government.

My opinion is not qualified in respect to this matter.



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

**Nairobi**

**16 September 2015**



# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## FINANCIAL STATEMENT

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014.

NYERI-MWEIGA ROAD  
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*Better Life Through Technology*

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

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**DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY**  
**GENERAL INFORMATION**

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Dedan Kimathi University of Technology  
Along Nyeri Mweiga road  
P. o. box 657,  
Nyeri.

**1.BANKERS**

- 1) Consolidated Bank Nyeri Branch  
P. O. Box 935-10100,  
Nyeri-Kenya.
- 2) Kenya Commercial Bank Nyeri Branch  
P.O Box 215-10100,  
Nyeri-Kenya.
- 3) Standard Chartered Bank Nyeri Branch  
P. O. Box 1-10100,  
Nyeri-Kenya.
- 4) Equity Bank Nyeri Branch  
P.O. Box75104-10100,  
Nyeri-Kenya.
- 5) Family Bank Nyeri Branch  
P.O. Box 74145-10100  
Nyeri-Kenya.

**2.AUDITORS**

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

**LEGAL OFFICER**

Nelius Mwangi

**LOCATION**

Dedan Kimathi University is located six kilometers from Nyeri town along Nyeri Mweiga road.

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## UNIVERSITY CHANCELLOR

### Name

Prof. Shellemiah Keya

### Date of Appointment

12/1/2013

## UNIVERSITY COUNCIL MEMBERS

### Current Council Members

### Designation

### Date of Appointment

a) Dr. Dulacha Galgallo-	Chairman	12/1/2013
b) Mr. Justus Mutiga-	Vice Chairman	12/1/2013
c) Prof. Collette Suda-	PS. Moest	12/1/2013
d) Dr. Kamau Thuge-	PS. National Treasury	12/1/2013
e) Ms. Mercy Mwatua-	Member	12/1/2013
f) Mr. Ishard Ibrahim-	Member	12/1/2013
g) Eng. John Kisenga-	Member	12/1/2013
h) Ms. Sophia Yega-	Member	12/1/2013
i) Prof. P.N Kioni –	Vice Chancellor	12/1/2013

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## UNIVERSITY CHANCELLOR



Prof. Shellemiah Keya  
Chancellor

## UNIVERSITY COUNCIL MEMBERS



Dr. Dulacha Galgalo  
Chairman



Justus Mutiga  
Member



Dr. Richard Kipsang  
P.S. MOEST



Dr. Kamau Thuge  
P.S. National Treasury



Ms. Mercy Mwatua  
Member



Ishard Ibrahim  
Member



Eng. John Kisenga  
Member



Ms. Sophia Yega  
Member



Prof. P.N Kioni Vice  
Chancellor/  
Secretary to Council

UNIVERSITY MANAGEMENT BOARD

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



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

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



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

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



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

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



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

**Mr. Andrew Muriuki** - Registrar  
(Administration & Finance)



BA (KU), MSc, CBIS (Sunderland)

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



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

**Dr. Sabina W. Wachira** – Registrar  
Research Technology Management and  
Community Linkages (RTMCL)



BSc (UoN), MA (UoN), PhD  
(JKUAT)

**CPA. Beatrice Mwangi**  
Ag. Finance Officer



BCom, MBA (JKUAT), CPA (K)

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## UNIVERSITY MANAGEMENT BOARD

- |                            |                                |
|----------------------------|--------------------------------|
| 1) Prof. P. Ndirangu Kioni | Vice Chancellor                |
| 2) Prof. Moses K. Gachari  | Deputy Vice Chancellor A. & F. |
| 3) Prof. Gerald Muthakia   | Deputy Vice Chancellor A. A.   |
| 4) Prof. Paul Wambua       | Deputy Vice Chancellor RTMCL   |
| 5) Ms. Beatrice Mwangi     | Finance Officer                |
| 6) Prof. J. W. Khamasi     | Registrar A. & A.              |
| 7) Mr. Andrew Muriuki      | Registrar A. & F.              |
| 8) Dr. Sabina Wachira      | Registrar RTMCL                |

## **DEAN AND DIRECTORS**

- |                          |                                  |
|--------------------------|----------------------------------|
| 1) Mr. John kamunga      | Director, Town Campus.           |
| 2) Prof. P. N. Muchiri   | Director, Nairobi Town Campus    |
| 3) Dr. Nderitu Kanyogoro | Dean, School Of Engineering      |
| 4) Mr. Muriithi Kaimoe   | Dean, of students.               |
| 5) Mr. Sammy Kamundi     | Dean, School Of Computer Science |
| 6) Prof. Matthew Theuri  | Dean, School Of Business.        |
| 7) Dr. Emma Marigi       | Dean, School Of Science.         |

## **LIBRARIAN**

- |                       |           |
|-----------------------|-----------|
| 1) Mr. Fredrick Otiye | Librarian |
|-----------------------|-----------|

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## CORE BUSINESS OF THE UNIVERSITY

The main objective of the University is stipulated in the University Act 2012 no 42. Part II section of Act provides the functions and objectives of the University which include:

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

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## Chairman's Statement

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

Since inception, the University growth and expansion policy continue to focus on product diversification. Our current management focuses on expansion of the University while maintaining quality in line with our vision of being a premier technological University excelling in quality training, research and technology transfer.

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

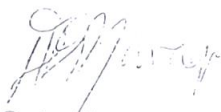
### **Corporate Governance and Ethics**

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

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

### **Appreciation**

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



Dr. Dulacha Galgallo

CHAIRMAN OF THE UNIVERSITY COUNCIL

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## VICE CHANCELLORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

I have the pleasure to present the annual report and accounts for Dedan Kimathi University for the year ended 30<sup>th</sup> June, 2014

### **1. FINANCES.**

The University started the year with a cash balance of Kshs. (28,665,645) and was allocated Kshs. 512,580,655 by the Government during the year under review. The University managed to collect Kshs. 436,156,113 in tuition and other charges and Kshs. 34,163,780 from the small income generating activities it is trying to establish. In total therefore, the University had Kshs. 982,900,548 at its disposal during the year for its recurrent expenditures.

The University was allocated Kshs. 101,746,505 by the Government for its capital projects during the year.

### **2. ACADEMIC PROGRAMMES:**

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

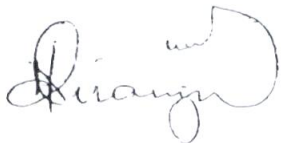
The University has also embarked on an intensive marketing programme to increase the student's population.

### **3. CONCLUSION:**

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

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

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



Prof. P. N. Kioni Ph.D. R.Eng  
Vice Chancellor.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

STATEMENT OF THE COUNCIL MEMBERS RESPONSIBILITIES

On the Financial Statements for the year ended 30<sup>th</sup> June 2014

The Dedan Kimathi University of Technology order No 42 of 2012 of the universities act requires University Council to prepare statements for each financial year, which give a true and fair view of the state of affairs of the University at the end of the financial year and its operating results for that year. It also requires the council to ensure that the University keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the Assets of the University.

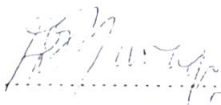
The University accepts the responsibility for the financial statement, which has been prepared using appropriated accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University at 30<sup>th</sup> June 2014 and of its operating results. The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Control.

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

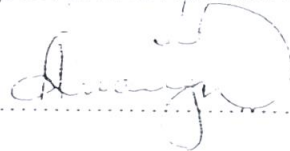
This statement is approved by the University Council and is signed on its behalf by

Signed by:

Chairman of the Council .....



Vice Chancellor DeKUT .....



# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## STATEMENT ON CORPORATE GOVERNANCE

### **Responsibility of the University Council**

The council comprises of nine persons, six of who are appointed by the President while the rest are ex-officio members. It is responsible for ensuring that the university complies with the law and best practices in corporate governance as promulgated by the relevant authorities.

### **Functions of the University Council**

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

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

### **University Council Committees**

The following are the committees of the University council

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

The University Council nominates the Chairman of each committee.

# DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

## CORPORATE SOCIAL RESPONSIBILITY

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

- Establishment of a Kshs. 1,000,000 bursary fund for needy students
- participated Matter Heart Run
- participated Standard Chartered Nairobi Marathon
- participated Nyeri Hospice Charity Walk

The University is also a partner in Maternal Access and Infant Survival for Health Advancement (MAISHA) partnership. MAISHA serves to improve maternal, newborn, and child health services at the community level by strengthening community health units and rural health facilities in Kenya.

Other project partners include College of the Rockies and Kenya's Ministry of Health.

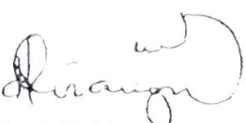
The University continues to be a caring partner in our Community and endeavors to give back to the community.

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30TH JUNE 2014

	<u>NOTE</u>	<u>2013/2014</u>	<u>2012/2013</u>	<u>2012/2013</u>
		<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>
<b>Revenue from non-exchange transactions</b>			<b>Restated balance</b>	
Ministry grant - Recurrent	15	512,580,655	397,165,207	397,165,207
Special grant	15	-	63,900,000	63,900,000
		<u>512,580,655</u>	<u>461,065,207</u>	<u>461,065,207</u>
<b>Revenue from exchange transactions</b>				
Tuition & other fees	16	436,156,113	441,257,771	441,257,771
Other income	17	34,163,780	29,117,645	29,117,645
Farm income	26	17,550,578	-	-
		<u>487,870,471</u>	<u>470,375,416</u>	<u>470,375,416</u>
<b>Total revenue</b>		<u>1,000,451,126</u>	<u>931,440,623</u>	<u>931,440,623</u>
<b>EXPENSES</b>				
Personnel cost	18	671,543,139	628,811,944	605,100,699
Central services	19	187,257,672	154,550,630	154,550,630
Council allowance	20	7,498,811	7,027,680	7,027,680
Maintenance cost	21	21,771,059	21,918,855	21,918,855
Student welfare	22	8,978,240	5,403,047	5,403,047
Academic costs	23	39,610,518	39,601,302	39,601,302
Administrative cost	24	12,579,460	19,152,437	19,152,437
<b>Farm expenses</b>				
Cost of sales	31	33,245,020	-	-
Overhead expenses	30	16,083,286	-	-
<b>TOTAL EXPENSES</b>		<u>998,567,203</u>	<u>876,465,895</u>	<u>852,754,651</u>
Add provision for depreciation	2	43,124,183	49,768,226	49,768,226
Add provision for Audit Fee	13	750,000	750,000	750,000
<b>TOTAL EXPENSES</b>		<u>1,042,441,387</u>	<u>926,984,122</u>	<u>903,272,877</u>
Surplus/deficit for the year		<u>(10,212,533)</u>	4,456,501	28,167,747
Share of farm loss		<u>(31,777,728)</u>	<u>(3,795,099)</u>	<u>(3,795,099)</u>
<b>SURPLUS FOR THE PERIOD</b>		<u>(41,990,261)</u>	<u>661,402</u>	<u>24,372,648</u>

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30TH JUNE 2014

ASSETS	NOTE	2013/2014	2012/2013	2012/2013
		KSHS	KSHS	KSHS
<b>CURRENT ASSETS</b>				
Cash & Bank Balances	8	21,885,328	30,385,553	30,385,553
Trade and other receivables	7	144,448,777	163,512,808	163,512,808
Inventories	6	5,797,592	8,418,614	8,418,614
		<u>172,131,697</u>	<u>202,316,975</u>	<u>202,316,975</u>
<b>NON-CURRENT ASSETS</b>				
Property Plant and Equipments	2	2,002,987,292	1,939,174,133	1,939,174,133
Investments	4	-	1,301,770	1,301,770
Biological assets	5	8,620,650	8,246,150	8,246,150
		<u>2,011,607,942</u>	<u>1,948,722,053</u>	<u>1,948,722,053</u>
<b>TOTAL ASSETS</b>		<u><b>2,183,739,639</b></u>	<u><b>2,151,039,028</b></u>	<u><b>2,151,039,028</b></u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables from exchange transactions	13	253,875,053	245,881,506	171,765,560
Bank overdraft	14	23,627,515	59,051,197	59,051,197
		<u>277,502,568</u>	<u>304,932,703</u>	<u>230,816,757</u>
<b>Non-current liabilities</b>				
Borrowings		-	-	-
<b>Total liabilities</b>		<u>277,502,568</u>	<u>304,932,703</u>	<u>230,816,757</u>
<b>NET ASSETS</b>				
Capital fund	9	1,163,304,463	1,061,557,958	1,061,557,958
Reserve fund	10	153,595,169	195,585,429	265,833,289
Revaluation reserve	11	589,337,438	588,962,938	588,962,938
Research grants		-	-	3,868,086
		<u>1,906,237,070</u>	<u>1,846,106,325</u>	<u>1,920,222,271</u>
<b>Total net assts and liabilities</b>		<u><b>2,183,739,639</b></u>	<u><b>2,151,039,028</b></u>	<u><b>2,151,039,028</b></u>

  
 Prof. P.N. Kioni  
 Vice Chancellor

  
 Ms. Beatrice Mwangi  
 Ag. Finance Officer

Date

Date

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	ACCUMULATED FUND		REVALUATION RESERVE		RESERVE FUND		TOTAL		CONSOLIDATED
	University	Farm	University	Farm	University	Farm	University	Farm	
Balance as at 30/6/2012	1,071,548,204	(9,990,246)	588,962,938	-	243,960,607	(2,499,965,00)	1,769,854,186	(12,490,211)	1,757,363,975
Prior year adjustment salary arrears	-	-	-	-	(47,422,489)	-	(47,422,489)	-	(47,422,489)
Prior year adjustment depreciation undercasted	-	-	-	-	885,874	-	885,874	-	885,874
Restated balance as at 30th June 2012	1,071,548,204	(9,990,246)	588,962,938	-	197,423,992	(2,499,965)	1,723,317,571	(12,490,211)	1,710,827,360
surplus/deficit for the period	-	-	-	-	28,167,746	(3,795,099)	28,167,746	(3,795,099)	24,372,647
Balance as at 30/06/2013	1,071,548,204	(9,990,246)	588,962,938	-	225,591,738	(6,295,064)	1,886,102,880	(16,285,310)	1,869,817,570
Prior year adjustment salary arrears	-	-	-	-	(23,711,244)	-	(23,711,244)	-	(23,711,244)
Restated balance as at 30th June 2013	1,071,548,204	(9,990,246)	588,962,938	-	201,880,494	(6,295,064)	1,862,391,636	(16,285,310)	1,846,106,326
Balance as at 30/6/2013	1,071,548,204	(9,990,246)	588,962,938	-	201,880,494	(6,295,064)	1,862,391,636	(16,285,310)	1,846,106,326
surplus/deficit for the period	-	-	-	-	(10,212,533)	(31,777,728)	(10,212,533)	(31,777,728)	(41,990,261)
Revaluation	-	-	-	374,500	-	-	-	374,500	374,500
Increase in capital fund	101,746,505	-	-	-	-	-	101,746,505	-	101,746,505
Balance as at 30/06/2014	1,173,294,709	(9,990,246)	588,962,938	374,500	191,667,961	(38,072,792)	1,953,925,608	(47,688,538)	1,906,237,070

NB The biological assets were measured at fair value.  
NB For the restated balances refer to page 7 note (p)

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	PAGE	NOTE	2013/2014 KSHS	2012/2013 Restated balance	2012/2013 KSHS
University Surplus for the period	1		(41,990,261)	661,402	24,372,647
Adjustment for					
Restated balance	3		-	(21,716,727)	(21,716,727)
Depreciation	7		43,124,183	49,768,226	49,768,226
			<b>1,133,923</b>	<b>28,712,901</b>	<b>52,424,146</b>
<b>Change in working capital</b>					
Increase/(decrease) in inventories	8	6	2,621,022	(5,897,615)	(5,897,615)
Increase/(decrease) in receivables	8	7	19,064,031	(12,044,727)	(12,044,727)
Increase/(decrease) in payables	9	13	7,993,547	39,263,539	15,552,294
Increase/(decrease) research grants		12	-	-	-
Net cash generated from operating activities			<b>30,094,499</b>	<b>21,321,197</b>	<b>(2,390,048)</b>
<b>Cash flow from investing activities</b>					
Investing in fixed assets	7		(106,051,468)	(230,996,103)	(230,996,103)
Impairment of investment Biological assets			-	(1,035,000)	(1,035,000)
Net cash used in investing activities			<b>(106,051,468)</b>	<b>(232,031,103)</b>	<b>(232,031,103)</b>
<b>Cash flow from financing activities</b>					
Capital fund	9	9	101,746,505	134,617,563	134,617,563
			<b>101,746,505</b>	<b>134,617,563</b>	<b>134,617,563</b>
Net change in cash and cash equivalent			26,923,458	(47,379,442)	(47,379,442)
Opening cash and cash equivalent	8&9	8&14	(28,665,645)	18,713,797	18,713,797
Closing cash and cash equivalent	8&9	8&14	<b>(1,742,187)</b>	<b>(28,665,645)</b>	<b>(28,665,645)</b>

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

**1 ACCOUNTING POLICIES**

The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh. 000). The accounting policies have been consistently applied to all the years presented. The principal accounting policies adopted are as follows:-

**a) Basis of preparation**

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

**b) Revenue from non-exchange transactions – IPSAS 23**

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

**i). Government Grants**

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

**ii). Tuition and Fees**

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

**iii). 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.

**iv). Other incomes**

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

**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. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The following rates are applied:

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

**d) Inventories**

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

**e) Receivables**

Receivables are recognized at their nominal value as reduced by appropriate allowances.

**f) Retirement Benefit Costs**

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

EDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

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

**g) Agriculture**

Biological assets have been measured at fair value. IFRS AS 27 Agriculture Prescribes accounting treatment and disclosures related to agricultural activity, a matter not covered in other standards. Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale,

for distribution at no charge or for a nominal charge or for conversion into agricultural produce or into additional biological assets. It is primarily drawn from the IASB's IAS 41 Agriculture, with limited changes dealing with public sector specific issues

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

**h) Research and Development**

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

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash on hand, bank balances, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and are not subject to any risks and changes in value.

For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments

**j) Bank overdraft**

The University has an overdraft facility with Consolidated bank to a tune of Kshs 30,000,000. Interest on overdraft

has been charged as expenses in the year they have been incurred. The policy is to accrue all un-paid interest relating to the year under review

**k) Tax Exemption**

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

**Basis of Consolidation**

The consolidated financial statement comprises the financial statements of the university and subsidiary (Farm) as at 30<sup>th</sup> June 2014. The farm is a subsidiary of the university, 100% owned by the university.

The subsidiary is fully consolidated from the date of acquisition being the date on which the university obtains control and continue to be consolidated until the date when such control ceases. The financial statement of the subsidiary is prepared for the same reporting period as the parent entity using consistent accounting policies. All intra group balances, transactions, unrealized gains or losses resulting from intra group transactions are eliminated in full according to IPSAS 6

**Foreign transactions**

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

**n) Risk disclosure**

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

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

**1. Credit risk**

This is the risk that there is

potential for loss on receivables on the reported creditors failing to pay the required payments for services rendered and also the students failing to pay the total fees due to them

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

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

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

**DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**2) Liquidity Risk**

This is the risk that the University

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

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

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

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

**3) Market Risk**

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

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

**o) Related party disclosures**

It requires the disclosure of the existence of related parties and information about the transactions between related parties. These disclosures are required for accountability purposes and to allow a better understanding of the financial performance and position of the entity. The standard provides guidance on the identification of related parties and what information should be disclosed.

In DeKUT the related parties includes .

i) Government of Kenya capitation grant kshs 512,580,655

ii) Government of Kenya Development grant kshs 101,746,505

iii) Donors Maisha kshs 7,023,892

**p) Restated balance**

The comparative balances have been restated retrospectively as far as it was practicable to reflect the salary arrears paid in the current year amounting to kshs 71,133,733 but referred to the years 2010, 2011, 2012 and 2013

It also incorporated kshs 885,874 for motor vehicle which was an undercast made in the movement of fixed asset in the year 2012

**q) Budgetary information**

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

**r) Reserves**

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

**s) University investment to the farm**

The university advance money to the farm for its operations. This is until when the farm will start to breakeven

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

**t) Retirement Benefit Costs**

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

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

**u) Cash and Cash Equivalents**

These are defined as cash on hand, bank balances, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and are not subject to any risks and changes in value

For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments.

**v) Basis of Consolidation**

The consolidated financial statement comprises the financial statements of the university and subsidiary (Farm) as at 30<sup>th</sup> June 2014. The farm is a subsidiary of the university, 100% owned by the university.

Subsidiary is fully consolidated from the date of acquisition being the date on which the university obtains control and continue to be consolidated until the date when such control ceases. The financial statement of the subsidiary is prepared for the same reporting period as the parent entity using consistent accounting policies. All intra group balances, transactions, unrealized gains or losses resulting from intra group transactions are eliminated in full according to IPSAS 6

**w) Payables**

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

PROPERTY, PLANT & EQUIPMENTS

Note 2

	LAND	BUILDING	MOTOR VEHICLES	COMPUTER & ACCESSORIES	PLANT & MACHINERY	TRACTOR	FURNITURE & EQUIPMENTS	WORK IN PROGRESS	TOTAL
		2%	25%	30%	12.5%	37.5%	12.5%		
Valuation as at 30/6/2012	435,000,000	145,000,000	52,217,493	59,747,507	24,120,766	5,000,000	147,934,031	1,015,955,842	1,884,975,639
Additions in the Period		376,363,726	16,903,700	6,320,016		3,882,572	21,579,822	182,309,993	607,359,829
Transfers								(376,363,726)	(376,363,726)
As At 30/6/2013	435,000,000	521,363,726	69,121,193	66,067,523	24,120,766	8,882,572	169,513,853	821,902,109	2,115,971,742
Depreciation									
Depreciation as at 30/6/2012		12,319,407	31,738,595	32,260,953	9,032,225	3,944,138	36,848,190		126,143,508
Charge for the Period		10,180,886	9,124,181	10,141,971	1,886,068	1,851,913	16,583,208		49,768,226
Depreciation As At 30/6/2013		22,500,293	40,862,776	42,402,924	10,918,293	5,796,051	53,431,398		175,911,734
Net Book Value As At 30- 6-2013	435,000,000	498,863,433	27,372,543	23,664,599	13,202,473	3,086,521	116,082,456	821,902,109	1,939,174,134
Net Book Value As At 30- 6-2012	435,000,000	132,680,593	19,393,024	27,486,554	15,088,541	1,055,862	111,085,841	1,015,955,842	1,757,946,256
Valuation As At 30/6/2013	435,000,000	521,363,726	69,121,193	66,067,523	24,120,766	8,882,572	169,513,853	821,902,109	2,115,971,742
Additions in the Period				154,000			12,949,356	92,848,113	106,051,468
As At 30/6/2014	435,000,000	521,363,726	69,121,193	66,221,523	24,120,766	8,882,572	182,463,209	914,850,222	2,222,023,211
Depreciation									
Depreciation As At 30/6/2014		22,500,293	40,862,776	42,402,924	10,918,293	5,796,051	53,431,398		175,911,734
Charge For The Period		9,977,268	7,064,604	7,145,580	1,650,309	1,137,445	16,128,975		43,124,183
Depreciation As At 30/6/2014		32,477,562	47,927,380	49,548,504	12,568,602	6,933,496	69,560,374		219,035,918
Net Book Value As At 30- 6-2014	435,000,000	498,863,433	27,372,543	23,664,599	13,202,473	3,086,521	116,082,456	821,902,109	1,939,174,133
Restated Balance	435,000,000	498,863,433	27,372,543	23,664,599	13,202,473	3,086,521	116,082,456	821,902,109	1,940,060,007
Adjustment				885,874					885,874
Net Book Value As At 30- 6-2013	435,000,000	498,863,433	27,372,543	23,664,599	13,202,473	3,086,521	116,082,456	821,902,109	1,939,174,133

	2013/2014			2012/2013		
	Main University	Farm University	Consolidated	Main University	Farm University	Consolidated
<b>3 WORK-IN-PROGRESS</b>						
Resource centre II	Buildings	168,358,357	-	168,358,357	-	168,358,357
Oxidation ponds	Buildings	35,512,914	-	35,512,914	-	35,512,914
Trunk sewer	Buildings	34,065,618	-	34,065,618	-	34,065,618
Hostels	Buildings	31,885,124	-	31,885,124	-	31,885,124
Academic Block P1	Buildings	256,507,433	84,590,645	341,098,078	-	341,098,078
Sports field	Land improvements	16,329,587	-	16,329,587	-	16,329,587
Conservancy	Equipment	6,208,411	-	6,208,411	-	6,208,411
Dining Hall	Buildings	179,287,121	8,357,467	187,644,588	-	187,644,588
Covered Walkway	Buildings	5,812,464	-	5,812,464	-	5,812,464
Fibre Optic	Equipment	2,445,645	-	2,445,645	-	2,445,645
Link Road	Land improvements	87,805,040	-	87,805,040	-	87,805,040
Farm projects	Buildings	2,684,395	-	2,684,395	-	2,684,395
Bal/cd		821,902,109	92,948,113	914,850,222	-	914,850,222
<b>ADDITIONS</b>						
<b>4 INVESTMENT</b>						
i) One (1) ordinary shares of Ksh 20 00 in Kenya Farmers Association						
ii) 130175 redeemable ordinary shares of Ksh 10 00 each with Kenya Planters Co-operative Union Ltd						
iii) 130175 redeemable ordinary shares of Ksh 10 00 each with Kenya Planters Co-operative Union Ltd						
Impairment of investment		1,301,750	1,301,750	1,301,750	(1,301,770)	1,301,750
Kenya planters co-operative union Limited is under receivership						
<b>5 BIOLOGICAL ASSETS</b>						
i) Livestock						
ii) Coffee trees						
Number of Coffee trees	106 403 @ 50 00	5,420,150	5,420,150	5,420,150	5,420,150	5,420,150
Total		8,620,650	8,620,650	8,620,650	8,246,150	8,246,150
This was at net realisable value						
<b>6 INVENTORY</b>						
Farm stocks						
Provision for doubtful debt		(3,174,812)	(3,174,812)	(3,174,812)		(3,174,812)
K P L C deposits		2,028,350	2,028,350	2,028,350		2,028,350
Sundry debtors		2,947,248	6,285	2,953,533		1,117,822
Farm debtors (coffee sales)		-	765,919	765,919		138,104
Staff debtors		184,322	-	184,322		2,930,496
Interest on farm investment		6,233,977	-	6,233,977		-
Investment on KUCT farm		62,339,768	6,574,067.00	78,195,229		77,546,987
MOEST		78,195,229	-	78,195,229		2,985,164
VAT arrears		2,985,164	-	2,985,164		2,985,164
Impairment of VAT receivables		(2,985,164)	-	(2,985,164)		-
Totals		212,250,318	7,346,271.00	144,448,777		163,512,809
Nb VAT arrears has been impaired since it had accrued for a long time.						
<b>7 TRADE AND OTHER RECEIVABLES</b>						
Main University						
Consolidated						
2013/2014	2013/2014	2012/2013	2013/2014	2013/2014	2012/2013	2012/2013
Student debtors	63,496,236	63,496,236	63,496,236	63,496,236	76,765,885	76,765,885
Farm debtors (coffee sales)	-	765,919	765,919	765,919	138,104	138,104
Staff debtors	184,322	-	184,322	184,322	2,930,496	2,930,496
Interest on farm investment	6,233,977	-	6,233,977	6,233,977	-	-
Investment on KUCT farm	62,339,768	6,574,067.00	78,195,229	78,195,229	-	-
MOEST	78,195,229	-	78,195,229	78,195,229	-	-
VAT arrears	2,985,164	-	2,985,164	2,985,164	-	-
Impairment of VAT receivables	(2,985,164)	-	(2,985,164)	(2,985,164)	-	-
Totals	212,250,318	7,346,271.00	144,448,777	144,448,777	163,512,809	163,512,809
<b>8 CASH AND BANK BALANCES</b>						
Main University						
Consolidated						
2013/2014	2013/2014	2012/2013	2013/2014	2013/2014	2012/2013	2012/2013
Nyen town campus A/C	2,380,921	2,380,921	2,380,921	2,380,921	5,211,666	5,211,666
Premium investment A/C	534,285	534,285	534,285	534,285	-	-
DEKUT Farm Operating A/C	905,075	905,075	905,075	905,075	658,790	658,790
DEKUT Fee collection A/C	7,711,250	7,711,250	7,711,250	7,711,250	4,465,517	4,465,517
Consolidated bank						
DEKUT Payment main A/C	0120025172900	5,238,565	5,238,565	5,238,565	17,160,277	17,160,277
DEKUT Fee collection A/C	0120025172901	1,530,902	1,530,902	1,530,902	1,053,712	1,053,712
DEKUT Bursary A/C	0120225312600	369,737	369,737	369,737	343,176	343,176
DEKUT Economic Stimulus	0130225373700	541,109	541,109	541,109	-	-
Family Bank						
DEKUT Payment A/C		541,109	541,109	541,109	-	-
Kenya commercial bank						
DEKUT Fee collection A/C	1121318274	-	-	-	406,232	406,232
Equity Banks						
DEKUT Fee collection A/C	115029130640	2,673,484	2,673,484	2,673,484	886,677	886,677
Cash balances						
Total balance	21,885,328	-	21,885,328	21,885,328	30,385,553	30,385,553

9 CAPITAL FUND	Main	University	Consolidated		
	University	Farm	2013/2014	2012/2013	
Bal as at 1/7/2013	1,071,548,204	(9,990,246)	1,061,557,958	926,940,395	
Development fund	101,746,505	-	101,746,505	134,617,563	
	<u>1,173,294,709</u>	<u>(9,990,246)</u>	<u>1,163,304,463</u>	<u>1,061,557,958</u>	

10 RESERVE FUND	Main	University	Consolidated	Restated balance	
	University	Farm	2013/2014	2012/2012	2012/2013
Bal as at 1/7/2012	201,880,494	(6,295,064)	195,585,429	241,460,642	241,460,642
Prior year adjustment salary arrears	-	-	-	(47,422,489)	-
Prior year adjustment depreciation	-	-	-	685,874	-
Bal as at 1/7/2012	201,880,494	(6,295,064)	195,585,430	194,924,027	241,460,642
University Surplus/deficit for the period	(10,212,533)	(31,777,728)	(41,990,261)	661,402	24,372,647
Bal as at 30/6/2014	<u>191,667,961</u>	<u>(38,072,792)</u>	<u>153,595,169</u>	<u>195,585,429</u>	<u>265,833,289</u>

Nb The restated balance refers to salaries arrears for year 2011, 2012 and 2013 and depreciation omitted in the previous accounts

11 REVALUATION ACCOUNTS	Main	University	Consolidated		
	University	Farm	2013/2014	Consolidated 2012/2013	
Bal as at 1/7/2013	588,962,938	-	588,962,938	588,962,938	
Addition in the year	-	374,500	374,500	-	
	<u>588,962,938</u>	<u>374,500</u>	<u>589,337,438</u>	<u>588,962,938</u>	

12 RESEARCH GRANTS	2013/2014		2012/2013	
	CIDA ( College of rockies)	3,529,664	3,868,086	3,529,664
	<u>3,529,664</u>	<u>3,868,086</u>		

TRADE AND OTHER PAYABLES	Main	University	Consolidated	Restated balance	
	University	Farm	2013/2014	2012/2013	2012/2013
13(a) Trade and other payables	210,438,577	879,306	211,317,883	220,707,661	150,459,801
13(b) Farm creditors (Internal)	6,574,067	62,339,768	-	-	-
13(c) Interest on investment(internal)	-	6,233,977	-	-	-
13(d) Provisions (audit fees)	750,000	-	750,000	750,000	750,000
13(e) Student creditors	24,022,359	-	24,022,359	6,300,612	6,300,612
13(f) Research grants	3,529,664	-	3,529,664	3,868,086	-
13(g) Capital Development Retention Funds	14,255,147	-	14,255,147	14,255,147	14,255,147
Total	<u>259,569,814</u>	<u>69,453,051</u>	<u>253,875,053</u>	<u>245,881,506</u>	<u>171,765,560</u>

Nb The retention money amount is accumulated figure since the projects started

Nb The restated balance refers to salaries arrears for year 2011, 2012 and 2013 and depreciation omitted in the previous accounts.

14 BANK OVERDRAFT	Main	University	Consolidated		
	University	Farm	2013/2014	2012/2013	
KUCI Payment main A/C 0120025172900	23,489,429	-	23,489,429	58,374,166	
KCB	138,086	-	138,086	677,031	
	<u>23,627,515</u>	<u>-</u>	<u>23,627,515</u>	<u>59,051,197</u>	

NB

The university applied for an overdraft facility of Kshs 30 million from Consolidated Bank. The facility is issued with an interest of 19 % p.a.

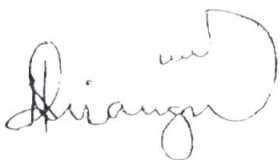
The security for the facility are:

- University Council resolution to borrow Kshs 31 million from Consolidated Bank of Kenya
- Letter of set off
- Letter of Deposit of securities

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY  
UNIVERSITY STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

		<u>2013/2014</u>	<u>2012/2013</u>	<u>2012/2013</u>
		KSHS	KSHS	KSHS
<b>NON-CURRENT ASSETS</b>				
Property Plant and Equipments	NOTE 2	2,002,987,292	1,939,174,133	1,939,174,133
		<u>2,002,987,292</u>	<u>1,939,174,133</u>	<u>1,939,174,133</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables	7	212,250,318	200,568,166	200,568,166
Cash & Bank Balances	8	21,885,328	30,352,594	30,352,594
		<u>234,135,646</u>	<u>230,920,759</u>	<u>230,920,759</u>
<b>TOTAL ASSETS</b>		<u><b>2,237,122,938</b></u>	<u><b>2,170,094,892</b></u>	<u><b>2,170,094,892</b></u>
<b>FUNDS , RESERVES AND LIABILITIES</b>				
<b>FUNDS</b>				
Capital fund	9	1,173,294,709	1,071,548,204	1,071,548,204
Reserve fund	10	191,667,961	248,417,109	272,178,353
Revaluation reserve	11	588,962,938	588,962,938	588,962,938
Research grants	12	-	-	3,868,086
		<u>1,953,925,608</u>	<u>1,908,928,251</u>	<u>1,936,507,581</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	259,569,814	202,115,444	174,536,114
Bank overdraft	14	23,627,515	59,051,197	59,051,197
		<u>283,197,329</u>	<u>261,166,641</u>	<u>233,587,311</u>
<b>TOTAL FUNDS , RESERVES AND LIABILITIES</b>		<u><b>2,237,122,938</b></u>	<u><b>2,170,094,892</b></u>	<u><b>2,170,094,892</b></u>

Nb The restated balance is for salaries arrears for year 2011,2012 and 2013 but paid in the current year



Prof. P.N. Kioni  
Vice Chancellor



Ms. Beatrice Mwangi  
Ag. Finance Officer

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

:OME	NOTE	2013/2014	2012/2013	2012/2013
		KSHS	Restated balance	KSHS
Ministry grant - Recurrent	15	512,580,655	397,165,207	397,165,207
Special grant	15	-	63,900,000.00	63,900,000.00
Tuition & other fees	16	436,156,113	441,257,771	441,257,771
Other income	17	34,163,780	29,117,645	29,117,645
<b>TOTAL</b>		<b>982,900,548</b>	<b>931,440,623</b>	<b>931,440,623</b>
<b>LESS EXPENDITURE</b>				
Personnel cost	18	671,543,139	628,811,944	605,100,699
Central services	19	187,257,672	154,550,630	154,550,630
Council allowance	20	7,498,811	7,027,680	7,027,680
Maintenance cost	21	21,771,059	21,918,855	21,918,855
Student welfare	22	8,978,240	5,403,047	5,403,047
Academic costs	23	39,610,518	39,601,302	39,601,302
Administrative cost	24	12,579,460	19,152,437	19,152,437
<b>EXPENDITURE</b>		<b>949,238,897</b>	<b>876,465,895</b>	<b>852,754,650</b>
Add provision for depreciation	2	43,124,183	49,768,226	49,768,226
Add provision for Audit Fee	13	750,000	750,000	750,000
<b>TOTAL EXPENDITURE</b>		<b>993,113,081</b>	<b>926,984,121</b>	<b>903,272,876</b>
Surplus/deficit for the year		<b>(10,212,533)</b>	<b>4,456,502</b>	<b>28,167,746</b>

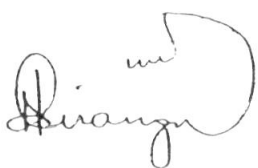
Nb. The restated balance is for salaries arrears for year 2011, 2012 and 2013 but paid in the current year.

	2013/2014	2013/2014	2012/2013	2012/2013	2013/2014	2013/2014
	BUDGET	ACTUAL	Restated balance	ACTUAL	VARIANCE	VARIANCE
	KSHS	KSHS	KSHS	KSHS	KSHS	%
<b>INCOME</b>						
<b>15 CAPITATION GRANT</b>						
Ministry grant - Recurrent	512,580,650	512,580,655	397,165,207	397,165,207	5	0.0
Special grant			63,900,000	63,900,000		
	512,580,650	512,580,655	461,065,207	461,065,207	5	0.0
<b>16 TUITION AND OTHER FEES</b>						
Tuition and other fees	422,364,749	436,156,113	441,257,771	441,257,771	13,791,364	3.3
	422,364,749	436,156,113	441,257,771	441,257,771		
<b>17 OTHER INCOMES</b>						
Sale of admission forms	1,000,000	941,000	353,688	353,688	(59,000)	(5.9)
Sale of tenders forms	150,000	156,000	1,613,000	1,613,000	6,000	4.0
Rent	725,000	725,600	715,200	715,200	600	0.1
Miscellaneous income	4,000,000	3,602,834	672,825	672,825	(197,166)	(4.9)
Research Grants	3,500,000	3,484,228	3,520,069	3,520,069	(15,772)	(0.2)
Interest on KUCT farm investment	4,500,000	6,233,977	3,655,691	3,655,691	1,733,977	38.5
Kitchen sales	16,125,000	18,810,141	18,586,972	18,586,972	2,685,141	16.7
<b>TOTAL OTHER INCOME</b>	<b>30,000,000</b>	<b>34,163,780</b>	<b>29,117,645</b>	<b>29,117,645</b>		
<b>TOTAL INCOME</b>	<b>964,945,359</b>	<b>982,900,548</b>	<b>931,440,623</b>	<b>931,440,623</b>		
<b>18 PERSONNEL COSTS</b>						
Basic Salaries	266,595,652	244,273,506	209,343,027	209,343,027	24,322,146	9.1
Salaries arrears		20,293,202	23,711,244	-	-	-
Casual workers	25,000,000	23,903,326	26,913,942	26,913,942	1,098,674	4.4
Part time teaching	100,000,000	93,419,423	113,535,421	113,535,421	6,560,577	6.6
Gratuity and pension	40,000,000	37,965,275	24,473,552	24,473,552	2,034,721	5.1
House to Office allowance	30,000,000	25,707,353	26,503,541	26,503,541	4,292,647	14.3
Other personal allowances	60,000,000	55,987,422	52,224,406	52,224,406	4,012,578	6.7
Group life (pension) insurance	2,500,000		1,823,560	1,823,560	2,500,000	100.0
House allowances	174,810,650	166,045,872	148,162,122	148,162,122	6,764,778	3.9
Leave allowance	2,000,000	1,949,756	2,121,128	2,121,128	50,244	2.5
	702,906,302	671,543,139	628,811,944	605,100,699		
Nb: The restated balance is for salaries arrears for year 2011, 2012 and 2013 but paid in the current year						
<b>19 CENTRAL SERVICES</b>						
Electricity expenses	11,000,000	11,045,636	11,877,898	11,877,898	(45,636)	(0.4)
Water expenses	7,700,000	7,117,391	7,690,664	7,690,664	582,609	7.6
Misc other charges	110,000	-	459,100	459,100	110,000	100.0
Vehicle licenses & insurance	2,000,000	2,149,984	4,440,627	4,440,627	(149,984)	(7.5)
Insurance premiums	3,000,000	2,784,595	943,625	943,625	215,405	7.2
Vehicle fuel and oil	10,000,000	9,347,509	9,336,613	9,336,613	652,491	6.5
Publishing & Printing	3,500,000	3,336,514	4,665,961	4,665,961	163,486	4.7
Advertising and Publicity	9,000,000	8,992,654	8,639,399	8,639,399	7,146	0.1
Marketing Expenses	4,000,000	4,147,963	1,666,781	1,666,781	(147,963)	(3.7)
Telephone expenses	2,200,000	2,020,368	2,115,737	2,115,737	179,632	8.2
Postal expenses	550,000	194,342	834,885	834,885	355,657	64.7
Bank charges/ interest	4,500,000	4,670,935	3,617,593	3,617,593	(170,935)	(3.8)
Purchase of uniforms	1,000,000	966,921	757,090	757,090	33,079	3.3
Conferences and seminars	3,500,000	3,360,820	4,782,892	4,782,892	139,180	4.0
Public celebrations/Demise	700,000	693,070	445,550	445,550	6,930	1.0
Purchase of Drugs	1,200,000	1,195,152	3,254,121	3,254,121	4,846	0.4
Medical expenses	15,000,000	14,741,128	13,969,998	13,969,998	258,872	1.7
Optical and Dental	1,000,000	1,028,399	680,058	680,058	(28,399)	(2.8)
University Public Functions	500,000	-	532,400	532,400	500,000	100.0
Contracted professional services	1,500,000	1,438,216	2,157,163	2,157,163	61,784	4.1
Legal expenses	1,000,000	793,875			206,125	20.6
Catering	25,000,000	25,080,062	18,877,886	18,877,886	(80,062)	(0.3)
Utensils and Crokery	500,000	527,705	90,020	90,020	(27,705)	(5.5)
Cleaning materials	2,500,000	2,613,439	1,804,263	1,804,263	(113,439)	(4.5)
Hygiene services	500,000	453,360	521,340	521,340	46,640	9.3
Fumigation Services	600,000	599,016	299,620	299,620	984	0.2
Internet services	13,000,000	12,668,947	6,874,222	6,874,222	331,053	2.5
Set up of ICT infrastructure	200,000	128,770	1,108,919	1,108,919	71,230	35.6
External travelling	2,500,000	2,446,189	2,100,727	2,100,727	53,811	2.2
Gas and fuel	1,000,000	711,847	721,821	721,821	288,153	28.8
Training expenses	12,500,000	12,344,766	8,109,249	8,109,249	155,234	1.2
Subscription to professional bodies	2,000,000	1,818,300	533,626	533,626	181,700	9.1
Security services	5,000,000	5,008,327	6,016,602	6,016,602	(8,327)	(0.2)
Book shop expenses	750,000	670,877	52,789	52,789	79,123	10.5
Booked meals	2,000,000	1,648,618	1,837,220	1,837,220	151,382	7.6
Maisha Project	3,500,000	3,494,228	2,520,069	2,520,069	5,772	0.2
Towa Project	500,000	428,733	1,632,150	1,632,150	71,267	14.3
Nyeri Town campus Expenses	10,000,000	9,485,780	7,956,003	7,956,003	514,220	5.1
Nairobi Campus Expenses	16,000,000	16,079,242	8,001,989	8,001,989	(79,242)	(0.5)
Mau mau establishment centre	200,000	214,800			(14,800)	(7.4)
New campuses	200,000	213,140			(13,140)	(6.6)
Generator expenses	300,000	271,160			28,840	9.6
Performance Contract	200,000	190,850	136,017	136,017	9,150	4.6
Show and Exhibitions Expenses	1,500,000	1,639,469	1,105,710	1,105,710	(139,469)	(9.3)
Linkages	750,000	632,939	111,636	111,636	117,061	15.6
Newspapers	1,500,000	1,501,460	1,268,595	1,268,595	(1,460)	(0.1)
Provision for doubtful debt (student fee)		3,174,812				
Impairment of receivables (VAT)		2,565,164				
	185,660,000	187,257,672	154,550,630	154,550,630		

	<u>2013/2014</u>	<u>2013/2014</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>2013/2014</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>VARIANCE</u>
	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>%</u>
<b>20 CHANCELLOR/COUNCIL ALLOWANCE</b>					
Chancellor Allowance	1,500,000	1,426,026	0	73,974	4.9
Chairman Allowance	1,250,000	1,044,000	1,198,232	206,000	16.5
Sitting Allowance	4,000,000	3,668,000	3,841,227	332,000	8.3
Travelling & Accommodation	1,500,000	1,360,785	1,986,221	139,215	9.3
	<b>8,250,000</b>	<b>7,498,811</b>	<b>7,027,680</b>		
<b>21 MAINTENANCE COSTS</b>					
Maintenance Vehicle	5,000,000	4,910,068	3,947,346	89,932	1.8
Maintenance of equipment	5,000,000	5,021,291	4,594,764	(21,291)	(0.4)
Maintenance Water and sewerage	750,000	715,867	105,970	34,133	4.6
Maintenance of Buildings	5,000,000	4,665,317	9,513,005	334,683	6.7
Maintenance of roads/grounds	2,000,000	1,771,532	1,704,591	228,468	11.4
Maintenance of computers/printer	5,000,000	4,666,984	2,053,180	313,016	6.3
	<b>22,750,000</b>	<b>21,771,059</b>	<b>21,918,855</b>		
<b>22 STUDENTS WELFARE</b>					
Inter university games	1,500,000	1,529,200	928,640	(29,200)	(1.9)
Sports and Games	2,500,000	2,206,590	1,213,565	293,410	11.7
Students insurance	500,000	384,000.00	-	116,000	23.2
Student benevolent fund	300,000	279,250.00	-	20,750	6.9
Students conference/workshops	500,000	342,550.00	-	157,450	31.5
Student Awards	500,000	419,000.00	-	81,000	16.2
Student bursary	1,000,000	1,000,000.00	-	-	-
Counselling expenses	500,000	554,886	1,521,135	(54,886)	(11.0)
Entertainment	1,000,000	992,948	516,762	7,052	0.7
Kimathi students union allow	1,000,000	1,106,986	769,225	(106,986)	(10.7)
Sports equipments	200,000	162,830	453,720	37,170	18.6
	<b>9,500,000</b>	<b>8,978,240</b>	<b>5,403,047</b>		
<b>23 ACADEMIC COSTS</b>					
External examination	5,000,000	5,006,365	5,841,192	(6,365)	(0.1)
Examination materials	2,500,000	2,576,060	1,012,100	(76,060)	(3.0)
Attachment expenses	1,750,000	1,663,440	666,200	86,560	4.9
Traveling and accommodation	1,500,000	1,379,378	2,435,553	120,622	8.0
Payment of use of lab	1,250,000	1,128,162	1,257,236	121,838	9.7
Library	3,500,000	3,503,677	7,212,411	(3,677)	(0.1)
Outreach programs	100,000	73,800	17,050	26,200	26.2
Field courses	1,000,000	1,185,527	446,920	(185,527)	(18.6)
Coffee Centre Expenses	750,000	704,064	417,400	45,936	6.1
Graduation	3,500,000	3,305,066	3,342,250	194,934	5.6
Teaching materials	7,500,000	7,550,084	5,801,722	(50,084)	(0.7)
Research, production & extension	7,500,000	7,538,925	2,487,724	(38,925)	(0.5)
JAB admission expenses	200,000	200,785	90,450	(785)	(0.4)
Conservancy Expenses	1,000,000	920,350	417,390	79,650	8.0
Work-study	350,000	330,135	521,823	19,865	5.7
Purchase of software	1,000,000	996,672	4,821,172	3,328	0.3
Hire of teaching facilities	1,250,000	1,257,100	675,000	(7,100)	(0.6)
ITPS	50,000	28,800	-	21,200	42.4
Purchase of Gowns	1,500,000	-	1,527,840	1,500,000	100.0
Launch of MBA & PHD Programmes	50,000	-	68,000	50,000	100.0
Curriculum Development	250,000	262,128	539,870	(12,128)	(4.9)
	<b>41,500,000</b>	<b>39,610,518</b>	<b>39,601,302</b>		
<b>24 ADMINISTRATIVE COSTS</b>					
Travelling and accommodation	3,500,000	3,553,518	2,807,912	(53,518)	(1.5)
Staff Welfare	2,000,000	2,097,590	2,060,547	(97,590)	(4.9)
Staff Entertainment	50,000	43,614	50,600	6,386	12.8
Guest house Expenses	350,000	344,787	485,008	5,213	1.5
Charter Expenses	-	-	3,340,100	-	-
Corporate social responsibilities	350,000	305,200	886,795	44,800	12.8
Alumni Association	250,000	231,650	-	18,350	7.3
Recruitment expenses	150,000	143,269	33,235	6,731	4.5
ISO Expenses	200,000	174,597	-	25,403	12.7
Stationery and stores	6,000,000	5,685,236	9,488,240	314,764	5.2
	<b>12,850,000</b>	<b>12,579,460</b>	<b>19,152,437</b>		

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FARM COMPANY  
 FARM STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

K		<u>2013/2014</u>	<u>2012/2013</u>
		<u>KSHS</u>	<u>KSHS</u>
<b><u>NON-CURRENT ASSETS</u></b>			
	<b>NOTE</b>		
Investments	4	-	1,301,770
Biological assets	5	8,620,650	8,246,150
		<b>8,620,650</b>	<b>9,547,920</b>
<b><u>CURRENT ASSETS</u></b>			
Inventories	6	5,797,592	8,418,614
Trade and other receivables	7	7,346,271	5,408,622
Cash & Bank Balances	8	-	32,959
		<b>13,143,863</b>	<b>13,860,195</b>
<b>TOTAL ASSETS</b>		<b><u>21,764,513</u></b>	<b><u>23,408,115</u></b>
<b><u>FUNDS , RESERVES AND LIABILITIES</u></b>			
<b><u>FUNDS</u></b>			
Capital fund	9	(9,990,246)	(9,990,246)
Revaluation reserve		374,500	-
Reserve fund	10	(38,072,792)	(6,295,064)
		<b>(47,688,538)</b>	<b>(16,285,310)</b>
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	13	69,453,051	39,693,425
		<b>69,453,051</b>	<b>39,693,425</b>
<b>TOTAL FUNDS , RESERVES AND LIABILITIES</b>		<b><u>21,764,513</u></b>	<b><u>23,408,115</u></b>



Prof. P.N. Kioni  
 Vice Chancellor



Ms. Beatrice Mwangi  
 Ag. Finance Officer

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FARM COMPANY  
 FARM TRADING ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

		<u>2013/2014</u>	<u>2012/2013</u>
	<u>NOTE</u>	<u>KSHS</u>	<u>KSHS</u>
Gross sales income	26	17,550,578	5,270,518
		<u>17,550,578</u>	<u>5,270,518</u>
<b>LESS COST OF SALES</b>			
Stock 1/7/2013		8,418,614	2,520,999
Add			
Horticulture expenses	27	2,689,281	8,219,161
Coffee expenses	28	26,162,017	2,775,645
Livestock expenses	29	1,772,700	1,265,659
		<u>39,042,612</u>	<u>14,781,464</u>
Less stock 30/6/2014	6	5,797,592	8,418,614
Cost of sales	31	<u>33,245,020</u>	<u>6,362,850</u>
Gross profit/ Loss		<b>(15,694,442)</b>	<b>(1,092,332)</b>
Less overhead expenses	30	<u>16,083,286</u>	<u>2,702,767</u>
Net farm profit/ Loss		<u><b>(31,777,728)</b></u>	<u><b>(3,795,099)</b></u>

DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY FARM COMPANY  
 NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

NOTE		2013/2014	2012/2013
		ACTUAL	ACTUAL
		KSHS	KSHS
26	<u>Revenue</u>		
	Coffee	11,679,252	1,688,737
	Milk	1,775,746	1,354,953
	Horticulture	2,999,964	1,524,595
	Livestock Sales	258,410	702,233
	Miscellaneous	2,400	-
	Charcoal Sales	834,806	-
		<u>17,550,578.0</u>	<u>5,270,518</u>
	<u>Expenditure</u>		
27	<u>HORTICULTURE EXPENSES</u>		
	Seeds-Hort	606,590	498,663
	Horticulture - Labour	1,847,591	-
	Chemicals-Hort	191,130	-
	Fertilizers-Hort	12,660	-
	Irrigation equipments	31,310	-
	Fertilizers/Manure	-	1,147,800
	Dursban/Alfatox	-	281,780
	Spray suits	-	268,347
	Fastac	-	25,780
	Touchdown	-	512,025
	Coffee nylex & sisal twine	-	41,250
		<u>2,689,281</u>	<u>2,775,645</u>
28	<u>COFFEE EXPENSES</u>		
	Certified coffee seeds	80,000	-
	Farm inputs	144,550	-
	Coffee Labour	11,008,794	-
	Coffee hole digging	732,000	-
	Coffee picking expenses	9,975	1,222,635
	Fertilisers-coffee	703,342	-
	Organic manure	1,203,840	-
	Herbicides-Coffee	459,900	-
	Fungicides-coffee	1,975	-
	Insecticides-coffee	33,940	-
	Coffee nylex & sisal twine	56,280	-
	Farm tools	62,578	-
	Administration salaries	11,664,843	564,612
	Wages	-	1,285,686
	Supervision	-	896,395
	Security	-	3,000
	Bush clearing	-	294,480
	Pruning	-	686,101
	Weed control	-	652,440
	Factory drying	-	337,840
	Roads Maintenance	-	176,660
	Maintenance Machinery	-	514,769
	Buildings Maintenance	-	727,773
	Infilling	-	244,950
	Fertilizers	-	64,800
	Pests and Diseases	-	126,840
	Nursery establishment	-	347,080
	Irrigation	-	38,560
	Mulching	-	34,540
		<u>26,162,017</u>	<u>8,219,161</u>

	<u>2013/2014</u>	<u>2012/2013</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	
29	<b><u>LIVESTOCK EXPENSES</u></b>		
	Feeds/Fodder	744,548	1,127,972
	Labour - Livestock	654,739	-
	vetinary bills & A.I	196,553	129,712
	Grooming and local treatment	12,970	-
	Acaricides	31,210	7,975
	piggery feeds	11,800	-
	Polythene & Twine-Dairy	120,880	-
		<b>1,772,700</b>	<b>1,265,659</b>
30	<b><u>OVERHEAD EXPENSES</u></b>		
	Buildings maintenance	1,351,363	424,681
	Machinery maintenance	1,253,596	683,802
	Electricity-irrigation	925,732	288,000
	Electricity-wet mill	71,978	200,040
	Electricity- office/stores/dairy	140,005	-
	Travel & Subsist	102,625	408,680
	Stationery & printing	163,358	45,822
	Security	15,000	-
	Licences and legal fees	34,848	1,000
	Seminars & Workshops	30,000	80,150
	Insurance	195,249	-
	Hired transport	37,000	25,700
	Staff entertainment	126,314	84,706
	Fuel and oils	622,627	424,176
	Telephone	38,552	-
	Protective clothing	110,095	-
	Internet connections	4,750	15,500
	Postal & Courior charges	6,000	-
	Telephone & Postage	-	15,100
	Cleaning Materials	37,578	-
	Packaging materials	17,043	-
	Printing & Publishing	1,040,575	-
	Exhibition cost	47,000	-
	Interest on investment	6,233,977	-
	Impairment of investment	1,301,770	-
	Valuation Fees	2,176,250	-
	Coffee picking expenses	-	5,410
		<b>16,083,286</b>	<b>2,702,767</b>