

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

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THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF EGERTON
UNIVERSITY**

**FOR THE YEAR
ENDED 30 JUNE 2014**

Laid by Hon.
ADEM SUARE BUGH,
MP UNDER ORDER
No. 5 ON 01/03/16
IBM



EGERTON UNIVERSITY

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR

ENDED

JUNE 30, 2014

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

i. Background

Egerton University is the premier Agricultural public University in Kenya. It was founded in 1939 under the name Egerton Farm School. By 1955, it was upgraded and renamed Egerton Agricultural College. It became a constituent college of the University of Nairobi in 1986 and a year later in 1987 became a fully fledged University following the Enactment of the Egerton University Act of 1987. This Act was repealed and replaced by the Universities Act No 42 of 2012.

ii. Vision

A world class University for the advancement of humanity.

iii. Mission

To generate and disseminate significant knowledge and offer exemplary education that contributes to national and global development.

(b) Principal Activities

The Core business of the University as provided by the Universities Act No 42 of 2012 of the Laws of Kenya includes:

- Teaching
- Discovery, transmission, and preservation of knowledge
- Promotion of social fairness in all matters affecting students and staff
- Cooperation with Government in the planned development of university education
- Advisory and consultancy services

(c) Key Organs of the University

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

- University Council
- University Management Board
- The Senate

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility are shown on page 8.

(e) Fiduciary Oversight Arrangements

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education, Science and Technology for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education Science & Technology and the Vice Chancellor.

(f) Headquarters Contacts

Egerton University
P.O. Box 536 - 20115, **EGERTON**
KENYA
Tel: (254) 051-2217891/2/051-2217781
E-mail: info@egerton.ac.ke
Website: www.egerton.ac.ke

(g) Bankers

Kenya Commercial Bank Ltd,
Egerton University Branch,
P.O. Box 248 – 20115, **EGERTON**

Co-operative Bank of Kenya Ltd.
P.O. Box 2982 – 20100,
NAKURU

Barclays Bank of Kenya Ltd.
P.O. Box 66- 20100
NAKURU

(h) Independent Auditors

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

(i) Principal Legal Adviser

Sheth & Wathigo Advocates
Vickers Building
P.O. Box 611 – 20100
NAKURU

CHANCELLOR



PROFESSOR SHEM OYOO WANDIGA, EBS, FRSC
EBS, Frsc, B.Sc (Howard University), M.Sc. (Maryland), Ph.D (Reserve University)

THE UNIVERSITY COUNCIL

	NAME/POSITION	QUALIFICATION
	Dr. Reardon Olubayo CHAIRMAN	- DVM (Kiev), - M.Sc. (UON), - Ph.D. (Utrecht).
	Mr. Josiah Okumu, Member	B.Ed. (UON), M.Ed. (Wales).
	Mrs. Joy Murithi, Member	Rep. P.S. The National Treasury
	Mr. Dan N. Nguchu Member	- B.Sc. (Haile Sellasie), - MBA (USIU).



Mr. Paul M. Maina,
Member

Rep. P.S. Ministry of
Education, Science &
Technology



Mrs. Alasa O. Hirsi,
Member

Dip. Clin. Med (KMTC)
HND (KMTC)
MPH (Western Cape)



Dr. William K. T. Chong,
Member

- BVM (UON),
- M.Sc. (Reading).



Mrs. Monica K. Kilonzo
Member

- B.Ed. (UON),
- M.Ed. (Bristol).



Prof. James K. Tuitoek
Secretary

- B.Sc. Agric. (UON),
- M.Sc. (Manitoba),
- Ph.D. (Guelph).

MANAGEMENT TEAM



Prof. J. K. Tuitoek,
B.Sc. Agric. (Nairobi),
M.Sc. (Manitoba), Ph.D. (Guelph)



Prof. R. A. Mwonya,
Dip (Egerton),
B.Sc., M.Sc, Ph.D. (Iowa)
Deputy Vice-Chancellor
(Academic Affairs)



Prof. Njenga Munene J
B.V.M., M.Sc.,Ph.D. (U.O.N)
Deputy Vice-Chancellor
(Administration & Finance)



Prof. J. Gowland Mwangi
Dip (Egerton), B.Sc. M.Sc.
(Georgia), Ph.D. (Ohio State)
Deputy Vice-Chancellor
(Research & Extension)



Prof. S. F. O. Owido
B.Sc., M. Sc. (U.O.N),
Ph.D. (Illinois)
Registrar (AA)



Dr. T. K. Serrem,
B.Ed (Nairobi), M.Ed.
(Manchester), D.Ed.
(Bristol)
Registrar (Admin)



Prof. A.C. Kibor
B.V.M., M.Sc. (U.O.N),
Ph.D. (Edinburgh)
Director (R & E)



Mr. Moses .O. Ouma
C.P.A (K), B.Agbm (Egerton), MBA (KU)
Finance & Accounts Controller



Prof. L.N. Nakhone-Wati
B. Sc., M.Sc. (U.O.N), Ph.D. (Nottingham)
Principal
(Nakuru Town Campus College)



University Librarian
M/s Janegrace Kinyanjui
BA, MSc.

CHAIRMAN'S STATEMENT

It is my honour, duty and privilege to present you an overview of the University performance for the year ended 30th June 2014. Despite the many challenges facing the University's operating environment, especially the presence and continuous entry of public and private universities in Nakuru and other major towns in Kenya, Egerton University continues to implement and focus on its objectives.

Governance

The University is focused in enhancement of Egerton as a centre of excellence in agriculture through training, research; extension services and policy formulation to promote food security as part the University's contribution towards the achievement of vision 2030 through flagship projects.

The University has put initiatives for the turnaround of Ngongongeri and the ARC Hotel to make them viable commercial enterprises now run as Egerton University Investment Company under the management of a Managing Director.

Financing and Policies

During the year ended 30th June 2014, Egerton University was mainly funded through the Government Capitation (59%) and Appropriation in Aid (A-I-A) (41 %) for its recurrent expenditure.

Finally, let me thank the Government of Kenya, Council members, Management and Staff for their dedication and participation over the year in striving to make Egerton a world class University for the advancement of Humanity.

Dr. Reardon Olubayo, Ph.D
Chairman, Egerton University Council

VICE-CHANCELLOR'S REPORT

I have the pleasure to present the Annual Report and Financial Statements of Egerton University for the year ended June 30, 2014 as per the Universities Act 2012 and the Public Audit Act 2003.

During the year under review the University realized a surplus of Ksh 448,812,768 as compared with Ksh 565,438,752 for the year ended June 30, 2013. The University has continued to expand its financial resource base and generated increased levels of appropriation in Aid (A-I-A) over the last four years as shown in the table and figure below.

Income

INCOME TRENDS IN KSHS "000"

Income Type	June 2011	June 2012	June 2013	June 2014
Revenue from Exchange Transactions	1,102,701	1,144,185	2,123,568	2,413,910
Revenue from Non-Exchange Transactions	2,081,485	2,290,584	2,818,921	3,359,894
Total Income	3,184,186	3,434,769	4,942,489	5,773,804

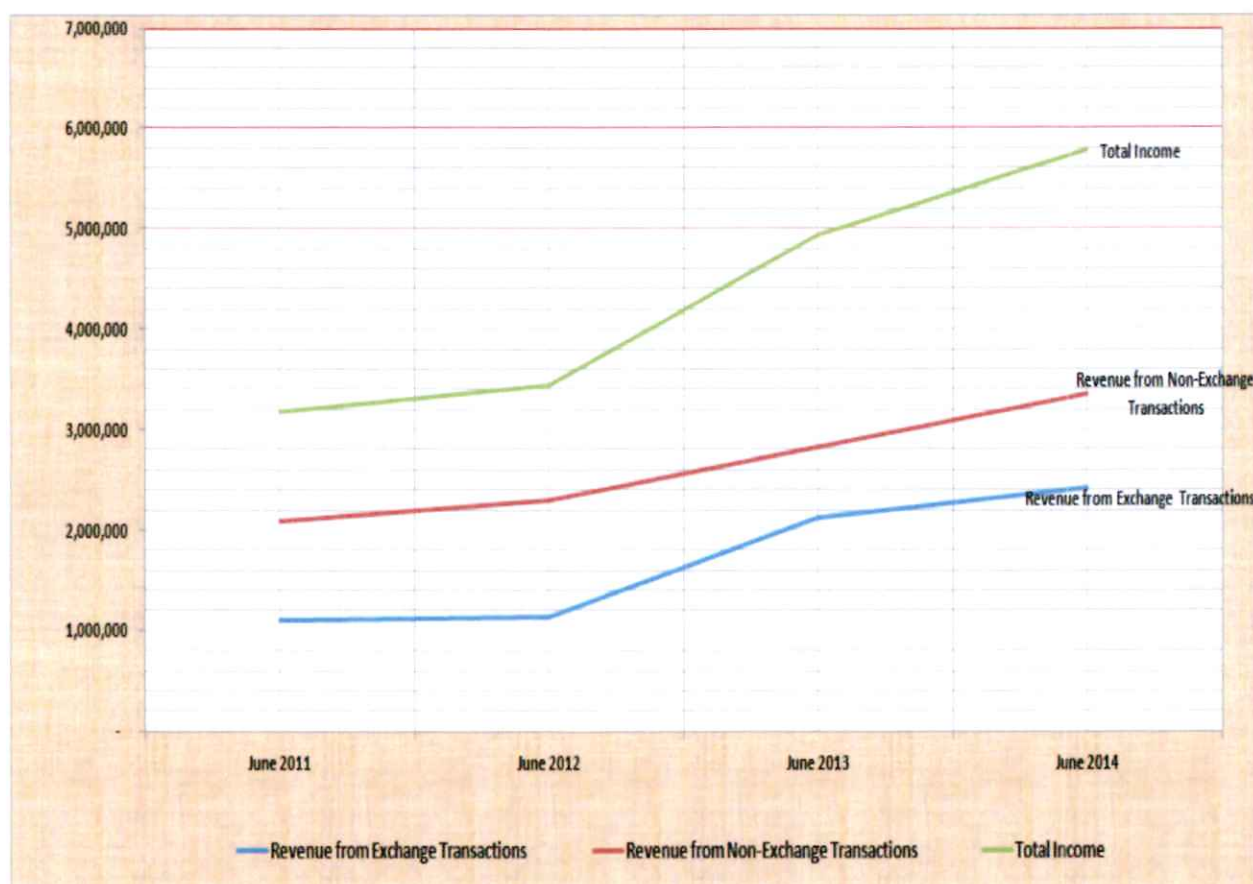


Figure 1-Income Trends

Expenditure

Personnel emoluments continued to comprise the largest part of the expenditure during the year at 60% of total expenditure while all other expenses constituted the balance of 40%. The table below shows the expenditure trends over the last five years. Overall total expenditure has been rising steadily over the last four years.

EXPENDITURE TRENDS IN KSHS "000"

Expenditure Type	June 2011	June 2012	June 2013	June 2014	Proportion
Staff Costs	2,257,314	2,093,121	2,505,903	3,213,145	60%
Other Expenses	931,538	1,332,925	1,626,804	2,111,846	40%
Total Expenses	3,188,852	3,426,046	4,132,707	5,324,991	100%

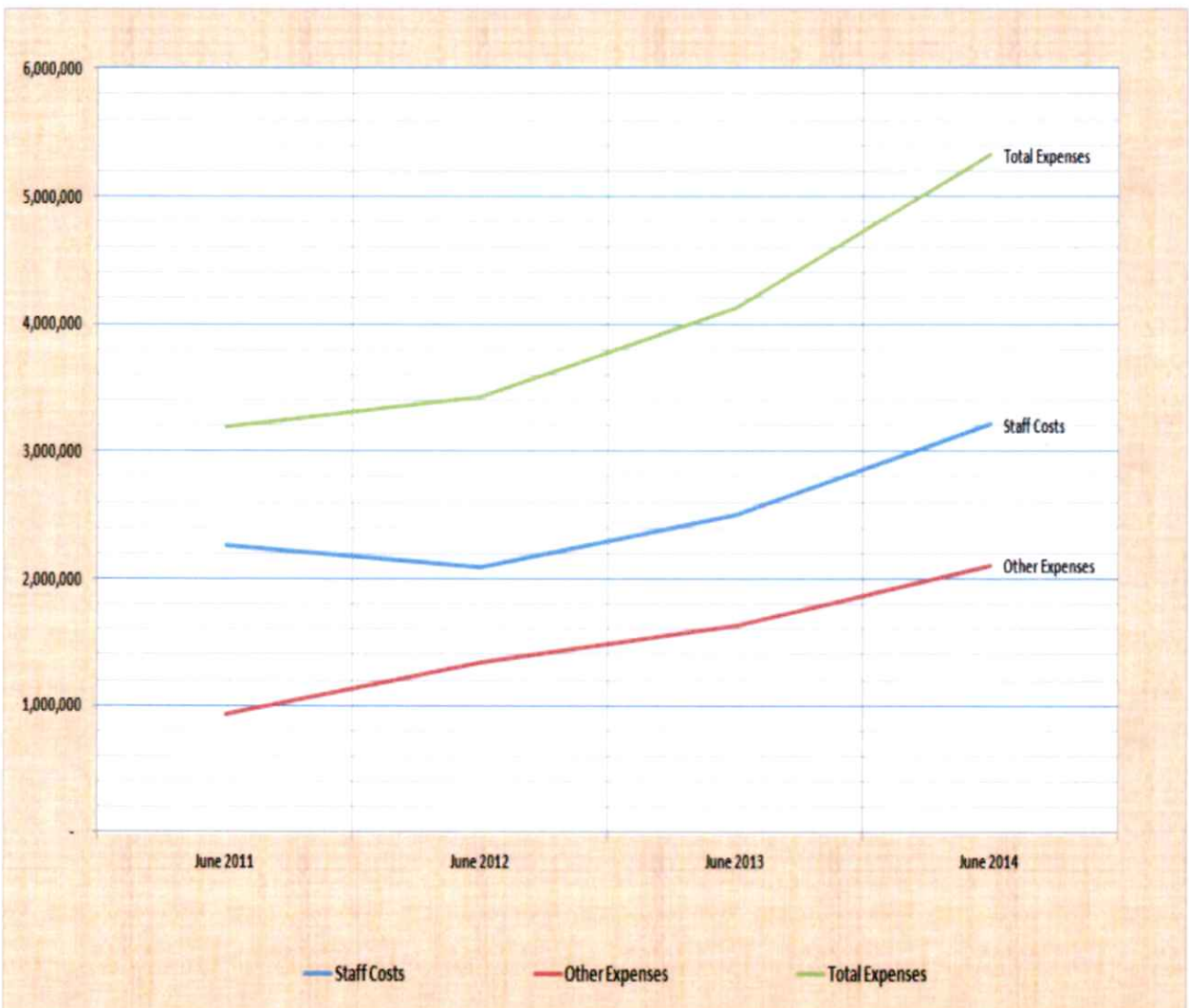


Figure 2-Expenditure Trends

Total Income versus Total Expenditure

The relationship between income and expenditure is as shown in figure 3. Significant surpluses have been realised in the last two years.

INCOME AND EXPENDITURE TRENDS OVER THE LAST FIVE YEARS

Income/Expenditure	June 2011	June 2012	June 2013	June 2014
Total Income	3,184,186	3,434,769	4,942,489	5,773,804
Total Expenditure	3,188,852	3,426,046	4,132,707	5,324,991

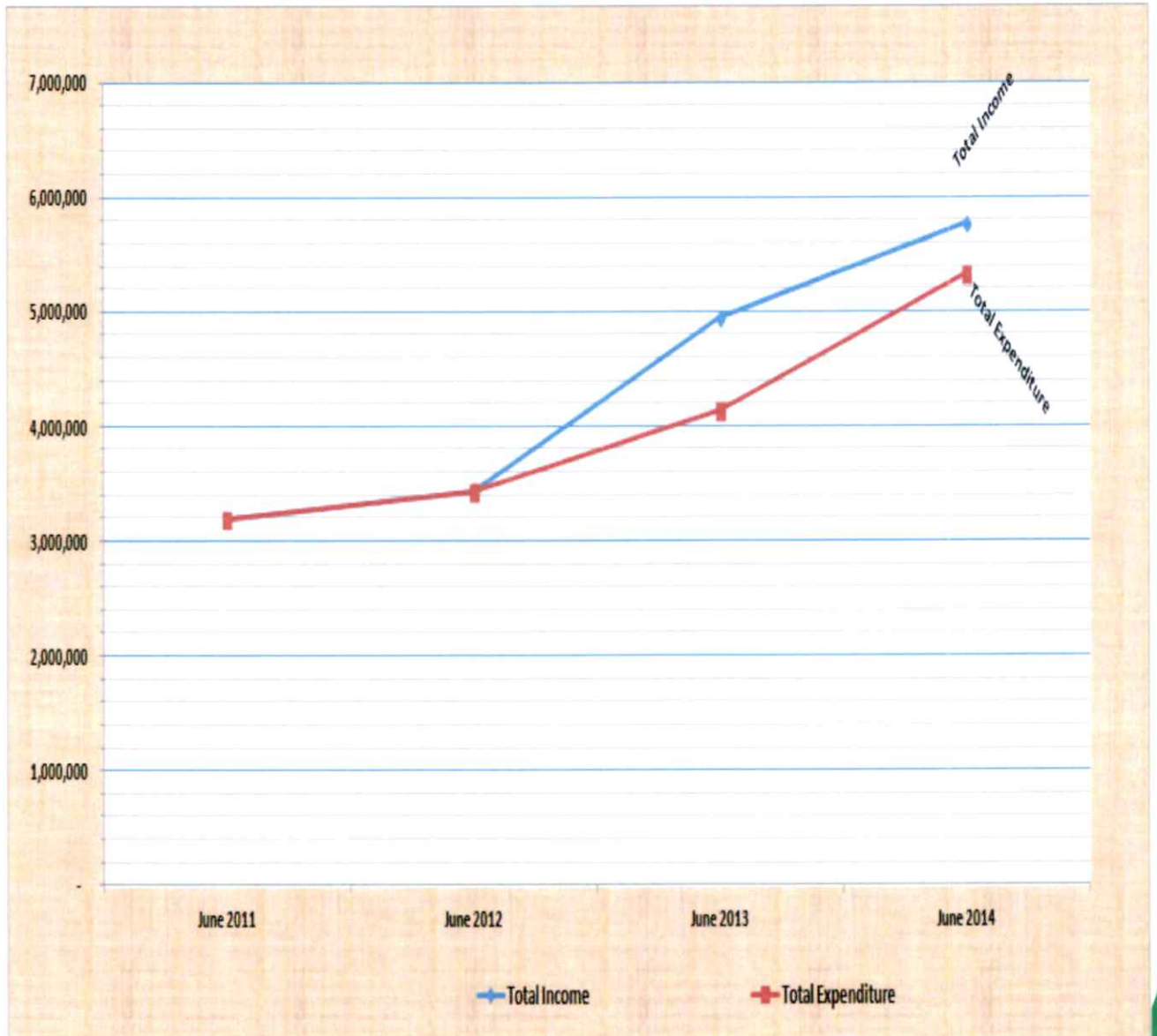


Figure 3-Relationship between Total Income and Total Expenditure

Property, Plant & Equipment

The University's Property Plant and Equipment has also grown overtime as shown in the table below. The reduction in work in progress during the year 2012/2013 was due transfers of completed buildings then held in work in progress to the asset of buildings.

Type of Property	Ksh "000"	Ksh "000"	Ksh "000"
	Land & Buildings	W.I.P	Other Assets
June 2011	1,068,936	2,227,871	177,313
June 2012	1,055,826	2,472,661	190,236
June 2013	2,796,293	590,458	309,393
June 2014	2,931,957	1,115,261	218,499

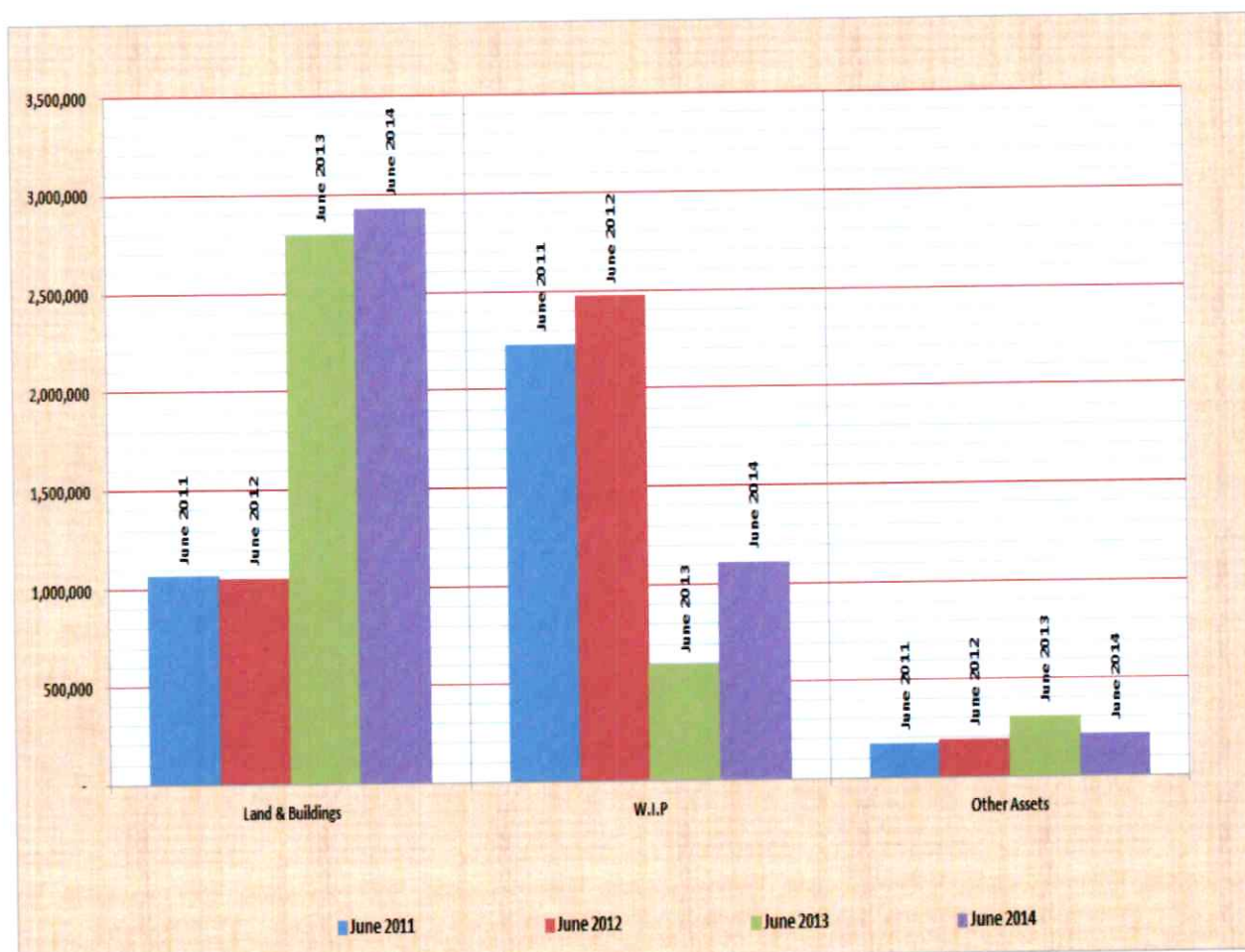


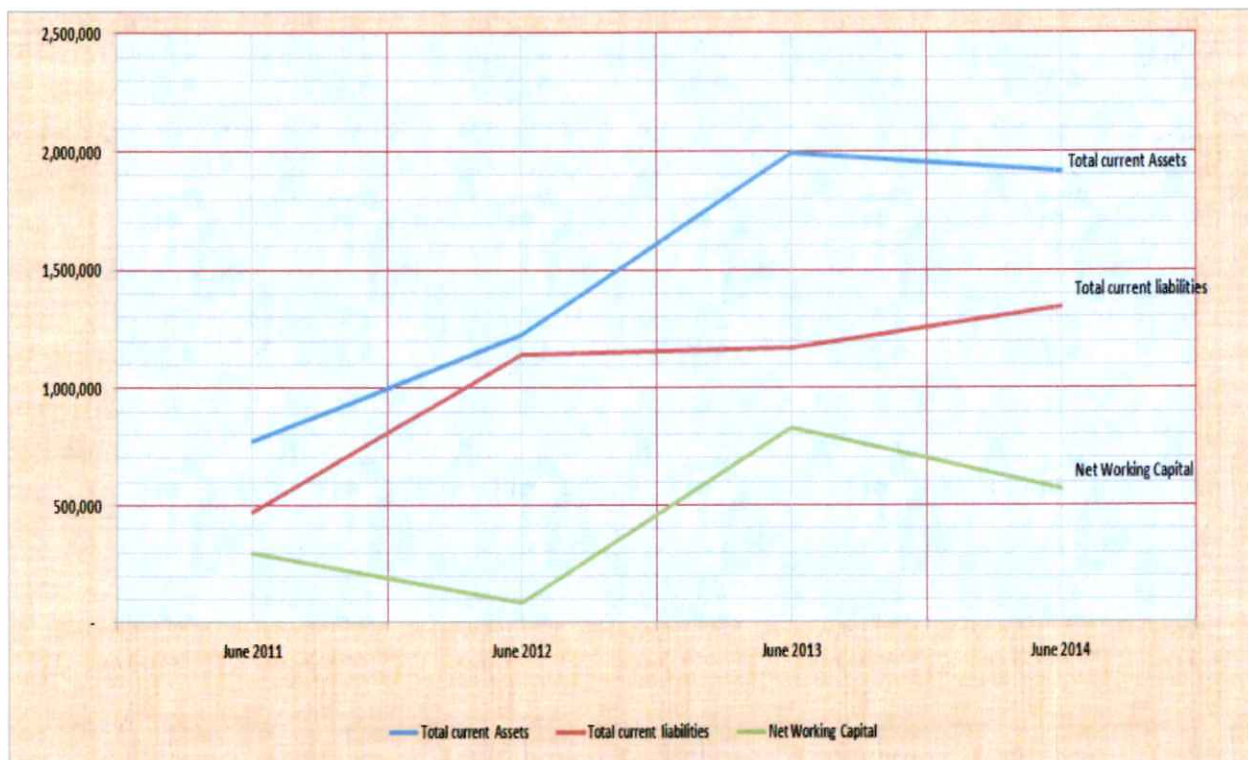
Figure 4-Property, Plant & Equipment

Working Capital

The University has had a healthy Working capital position with positive net current assets position over the years as shown below:

Egerton University is ISO 9001:2008 Certified
“Transforming Lives Through Quality Education”

	Ksh "000"	Ksh "000"	Ksh "000"	Ksh "000"
	June 2011	June 2012	June 2013	June 2014
Working Capital				
Total current Assets	768,337	1,228,162	1,993,066	1,915,096
Total current liabilities	473,059	1,141,361	1,167,590	1,347,699
Net Working Capital	295,278	86,801	825,477	567,396



The University continued with its Core business of Teaching, Training and Research. On behalf of Egerton University I wish to take this opportunity to thank the Government and all our development partners who have continued to support the University in its endeavour to expand its teaching facilities, research, academic exchange programmes and industrial linkages.

Finally I would like to express my gratitude to the University Council for providing enabling Policy Guidelines and the entire University staff and Students who worked tirelessly to ensure successful and smooth operations of the University during the year 2013/2014.

Thank you.

Prof. J. K. Tuitok, PhD, EBS.
VICE-CHANCELLOR

CORPORATE GOVERNANCE STATEMENT

COMMITTEES OF COUNCIL

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education, Science and Technology for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education Science & Technology and the Vice Chancellor. The functions of the Council are:

- (i) Administer the property and funds of the University in a manner and for purposes which shall promote the best interests of the University; but the Council shall not charge or dispose of immovable property of the University without prior approval of the Chancellor;
- (ii) Receive on behalf of the University or a constituent college, donations, endowments there from to the constituent college or other bodies or persons;
- (iii) Provide for the welfare of the staff and students of the University;
- (iv) Enter into association with other Universities or other institutions of learning, whether within or outside Kenya as the Council may deem necessary and appropriate; and
- (v) After consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.

The Committees have delegated authority to assist the Council effectively carry out its obligations.

The University Council and its Committees are supported by the University Management Board which consists of ten members.

The Council has eight committees namely

1. Finance, Investment and General Purposes Committee

The Committee recommends to the Council for its approval the annual estimates and expenditure and oversee University investments and endowment funds and shall pay due regard to the necessity to refer matters of major importance to the Council for final approval.

2. Audit, Governance and Risk Management Committee

The Committee oversee safeguarding of assets; operations of adequate systems; control processes, preparation of accurate financial reporting of results; operations and statements in

compliance with legal and statutory requirements and standards; internal and external audits; risk management strategies; institutional governance; monitoring of performance contract; and quality assurance.

3. Building, Planning & Development Committee

The Committee is charged with all arrangements for construction of new buildings; responsible for authorizing expenditure for capital work with the provision to delegate minor maintenance work to University Management; and report progress to University Council.

4. Academic and Research Committee

The Committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice-Chancellor (Academic Affairs) and the Deputy Vice-Chancellor (Research and Extension) on the development of policy and procedures relating to academic and research; and consider and report any matter referred to it by the Council and Senate.

5. Grievances, Handling and Appeals Committee

The Committee oversees staff, students and other stakeholder's grievances; and staff and students appeal against disciplinary action.

6. Sealing and Honorary Degree Committee

The Committee authorizes affixing of the University seal to appropriate documents on behalf of the Council; and nomination of distinguished personalities in various fields for the conferment of honorary degrees of the University.

7. Appointments Committee

The Committee appoints Professors and Staff in Grade 15; search candidates for position of Principal's; Deputy Vice-Chancellors and Vice-Chancellor and make recommendations to the Council; and consider disciplinary matters for Principals and Deputy Vice-Chancellor's and recommend to Council.

8. Tegemeo Institute of Agricultural Policy and Development Committee

The Committee has the responsibility to: Provide stewardship and ensure alignment of Institute Objectives with those of the University; Implement and review annually the Institute Strategic plan; approve the Institute annual budgets, business plans and policies; ensure good management and identify risks and internal controls in the institute; monitor and evaluate management performance against approved plans and programmes; approve organizational structures and staffing levels; promote and integrate good corporate governance at the leadership, management and in all levels of the organization; strategize on the institute development and sustainability;

advocate on behalf of and enhance the visibility of Tegemeo institute locally and internationally and assist in mobilizing resources for the institute.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The University continues to engage in a number of Corporate Social Responsibility Activities as shown below:

Farmers Magazine - "*Seeds of Gold*"

Egerton University launched a magazine titled the **Seeds of Gold** in 15th February 2014. Speaking during the launch of magazine in the ceremony held at Egerton university Lord castle ground, the university vice-chancellor Prof. James Tuitoek, said the launch of magazine was in line with the university obligation of disseminating crucial information on the latest technology and research to the farmers to help them upgrade to commercial farming. The vice-chancellor emphasize that the programme aims at enhancing food security and helping the country achieve its vision 2030 blue print of having enough food for the ever increasing population.

The magazine which is a partnership of Egerton University and the Nation Media Group, aims at helping the farmers to access latest research and technology from the researchers based at Egerton University. The vice chancellor added that the new initiative will pull researchers from the university research rooms to the field to share what their latest knowledge with the farmers.

Speaking during the same function, the Nakuru county governor Mr. Kinuthia Mbugua in a speech read on his behalf by county executive member in charge Agriculture and livestock Dr. Stanley Chepkwony, praised the initiative saying that the programme has come at a time when the country is struggling to increase food production and that the initiative will benefit millions of farmers.

The Nation media Group Chief operation officer Tom Mshidi speaking on behalf the Nation Media Group Chief executive officer Mr. Linus Gitahi, said that Nation Media Group entered into a partnership with Egerton university to make sure that the research information which was not available to farmers is easily accessible at minimal cost.





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“Transforming Lives Through Quality Education”

REPORT OF THE DIRECTORS

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

Principal activities

The principal activities of the University are shown on page 3.

Results

The results of the University for the Year ended June 30, 2014 are set out on page 24.

Directors

The members of the University Council who served during the year are shown on page 6 & 7.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Part III of the Public Audit Act 2003.

By order of the Council

STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITY

Part III of the Public Audit Act, 2003, requires the Council to prepare financial statements in respect of that *University*, which give a true and fair view of the state of affairs of the *University* at the end of the financial year/period and the operating results of the *University* for that year/period. 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 (period) 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 Directors accept responsibility for the *University's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Audit Act 2003. 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 Directors 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 26th September 2014 and signed on its behalf by:


Mr. Dan N. Nguchu
Chairman, Council Finance Committee


Prof. James K. Tuitoek, PhD, EBS
Vice Chancellor

REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Egerton University set out on pages 24 to 65, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 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 of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, 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. Receivables from Exchange Transactions

The receivables from exchange transactions balance stood at Kshs1,088,625,779 as at 30 June 2014. Included in the balance was an overdue imprests of Kshs.112,555,799 and student debtor's balance of Kshs.942,803,139.

Although, the University made a provision for bad debts of Kshs.41,340,570 and the credit and debt management policy of the University provides that imprest shall be recovered within one month from the due date, some debts were noted to have been outstanding since the year 1994. No satisfactory explanation was given by the management. In the circumstances therefore, the recoverability of the receivables from exchange transactions balance of Kshs.1,088,625,779 as at 30 June 2014 could not be confirmed.

2. Property, Plant and Equipment

i) Land

As previously reported, the property, plant and equipment balance of Kshs.4,265,717,348 as at 30 June 2014 includes twenty one (21) parcels of land valued at Kshs.965,594,800. It was not clear how this value was arrived at since the University did not have valuation reports/documents for the parcels. Further, out of these parcels only eight (8) of them have title deeds.

In the circumstances, the accuracy and ownership of the property, plant and equipment balance of Kshs.4,265,717,348 as at 30 June 2014 could not be confirmed.

ii) Stalled Projects

The property, plant and equipment balance of Kshs.4,265,717,348 also includes work in progress amounting to Kshs.1,115,261,365. The work in progress includes an amount of Kshs.197,473,480 in respect of two projects, namely the office administration and the agronomy and horticulture buildings whose construction has stalled for more than twenty (20) years. The stalled projects continue to tie funds for which the University does not derive any value. Further, the delay in completion of the projects is likely to increase construction costs.

iii) Acquisition of Land

As previously reported, on 3 September 2012 Egerton University entered into an agreement with African Inland Church (AIC) Kenya, to buy three (3) acres of land,

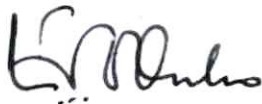
registered as LR No. 16672/37 at a price of Kshs.1,500,000 per acre. The University paid a deposit of Kshs.1,500,000 on 18 October 2012. According to clause 3.1 of the agreement, the balance of Kshs.3 million was to be paid within 90 days from the date of agreement, subject to the vendor issuing the University with ownership documents.

Although, the vendor and the University signed a deed of variation to extend the transaction by 90 days, it is not clear when the transaction would be completed since the document was not dated or signed by an advocate.

The University had neither paid the balance nor received the ownership documents as at 30 June, 2014, since there were restrictions placed against the land title.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly 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 and comply with the International Public Sector Accounting Standards (Accrual Basis) and Universities Act, 2012 of the Laws of Kenya.



FCPA Edward R. O. Ouko, CBS
AUDITOR GENERAL

Nairobi

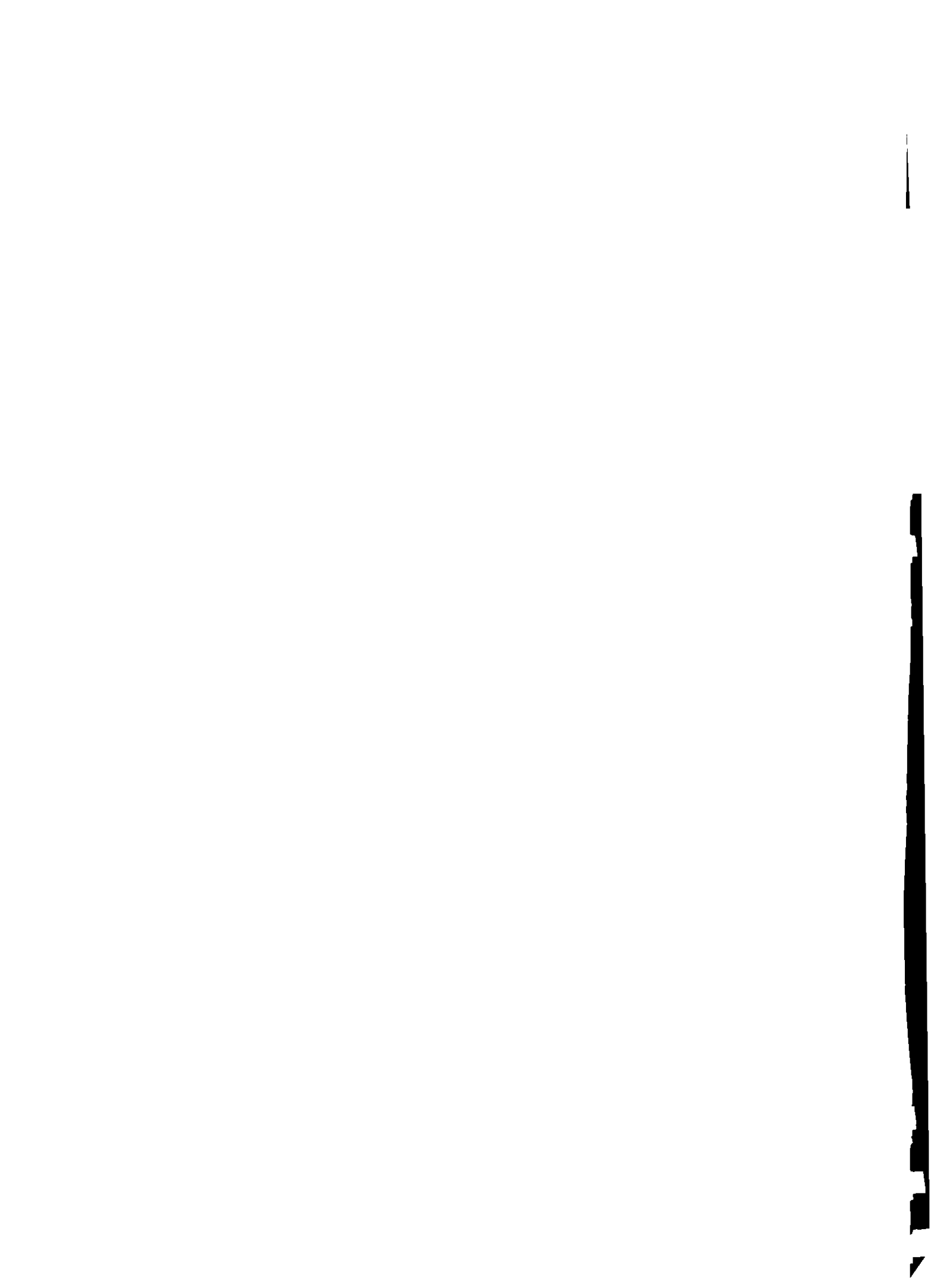
15 February 2016



STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2014

Particulars	Note	Total to 30-Jun-14 Kshs.	Total To 30-Jun-13 Kshs.
<u>Revenue from Non-Exchange Transactions</u>			
GoK Recurrent Capitation Grant	2(a)	2,832,379,438	2,410,280,658
Research & Extension Income-Main campus	3	369,864,634	306,483,378
Other Revenue from Non-Exchange Transactions	4	11,544,935	2,140,230
Tegemeo Income for the period	24 (a)	146,105,039	100,017,100
Total Revenue from Non-Exchange Transactions		3,359,894,047	2,818,921,365
<u>Revenue from Exchange Transactions</u>			
Tuition and Related Fees	5	1,907,831,634	1,863,687,120
Other Services Rendered	6	151,971,918	215,237,269
Interest Income	7	31,164,425	11,569,658
EUICO Incomes for the Period	25	237,232,635	67,556,546
		2,328,200,613	2,158,050,593
Total Revenue		5,688,094,660	4,976,971,958
<u>Expenditure</u>			
Staff Costs	8	3,213,144,718	2,505,903,373
Council Expenses	9	19,974,562	15,176,388
Administrative and Central Services	10	675,517,940	537,054,977
Repairs and Maintenance Expenses	11	70,777,359	86,541,685
Academic Departments Expenses	12	435,638,610	546,320,941
Research & Extension Expenses	13	357,941,602	259,902,717
Expenses-IGU Inputs	14	72,371,351	65,626,894
Depreciation Expenses	15	168,749,562	157,098,500
Tegemeo Expenses for the period	24 (a)	131,398,085	113,091,966
EUICO Expenses for the Period	25	179,477,207	90,332,974
		5,324,990,996	4,377,050,415
<u>Other gains/(Losses)</u>			
Gain (Loss) on Revaluation Investment-Shares		7,870	(164,844)
Decrease in Provision for bad debts		84,579,067	(38,210,237)
Gain (Loss) on Foreign Exchange		2,140,767	-
Gain/(Loss) on biological Assets		(5,186,950)	3,602,840
Gain/(Loss) on Disposal of Assets		4,168,350	289,450
	16	85,709,104	(34,482,791)
Surplus/ (Deficit) for the Period		448,812,768	565,438,752
<u>Attributable to:</u>			
Owners of the controlling entity		448,812,768	565,438,752



EGERTON UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	30-Jun-14 Kshs.	30-Jun-13 Kshs.
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash in Bank and in Hand	17 (a)	402,113,962	503,000,376
Short Term Fixed Deposits	17 (b)	282,483,821	439,922,731
Receivables from Exchange Transactions	18 (a)	1,088,625,779	985,747,607
Receivables from Non-Exchange Transactions	18 (b)	2,350,587	-
Inventories	19	139,521,531	64,395,615
Agricultural Assets	20	134,630,650	98,755,670
		2,049,726,329	2,091,821,998
<u>Non Current Assets</u>			
Property, Plant & Equipment	21(a)	4,265,717,348	3,596,448,259
Investments	22	947,827	939,957
		4,266,665,175	3,597,388,216
Total Assets		6,316,391,504	5,689,210,214
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Bank Overdraft	17 (c)	374,528,690	449,872,805
Trade and Other Payables	23 (a)	718,930,795	591,797,085
Provisions and Accruals	23 (b)	254,239,724	125,919,637
		1,347,699,210	1,167,589,527
Net Assets		4,968,692,295	4,521,620,688
<u>Capital and Reserves</u>			
General fund		3,667,479,011	3,632,624,551
Accumulated Surplus(Deficit)		1,301,213,283	888,996,137
Total Capital and Liabilities		4,968,692,295	4,521,620,688



Prof. James K. Tuitoek, Ph.D, EBS
 Vice Chancellor



for Dan N. Nguchu
 Chairman, Council Finance Committee

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

Particulars	Note	Capital Reserves Kshs.	Revenue Reserves Kshs.	Total Kshs.
Period ended 30 June 2013				
Balance as at 01/07/2012		3,520,398,674	285,125,558	3,805,524,233
Tegemeo Assets		33,256,876	-	33,256,876
Adjustments Prior year items		3,969,000	38,431,827	42,400,827
Capital Grants		75,000,000		75,000,000
Surplus from operations			565,438,752	565,438,752
Balance as at 30/06/2013		3,632,624,551	888,996,137	4,521,620,688
Period ended 30 June 2014				
Balance as at 01/07/2013		3,632,624,551	888,996,137	4,521,620,688
Tegemeo Assets		(1,395,412)		(1,395,412)
Tegemeo Reserve transferred to Deferred Inome			(36,595,622)	(36,595,622)
Capital Grants	2(b)	36,249,872		36,249,872
Surplus from operations			448,812,768	448,812,768
Balance as at 30/06/2014		3,667,479,011	1,301,213,283	4,968,692,295

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

Particulars	Note	30-Jun-14 Kshs.	30-Jun-13 Kshs.
Operating Activities			
Surplus for the year		448,812,768	565,438,752
Adjustments for			
Depreciation	15	168,749,562	157,098,500
Adjustments in Reserves for prior years items		(36,595,622)	33,256,876
Depreciation-EUICO		6,427,973	2,986,943
Movement in Provisions for the year	23 (b)	128,320,087	34,805,866
Prior year motor vehicles			(3,969,000)
(Profit)/Loss on disposal of Assets	6	(4,168,350)	(289,450)
(Gain)/Loss on Revaluation of Shares	16	(7,870)	
Investment Income	7	(31,164,425)	(11,569,658)
Interest Expense	10	11,372,087	8,061,893
		<u>691,746,211</u>	<u>785,820,722</u>
Changes in Working Capital			
(Increase)/Decrease in Biological Assets	20	(35,874,980)	(45,871,830)
(Increase)/Decrease in Receivables	18 (a)	(105,228,759)	(509,484,831)
(Increase)/Decrease in Inventories	19	(75,125,915)	15,997,758
Increase/(Decrease) in Payables	23 (a)	127,133,711	(180,193,509)
		<u>(89,095,944)</u>	<u>(719,552,412)</u>
Cash Generated from Operations		<u>602,650,267</u>	<u>66,268,310</u>
Investing Activities			
Interest/Bank Charges Paid	10	(11,372,087)	(8,061,893)
Purchase of Property, Plant and Equipment	21(a)	(847,838,512)	(54,573,590)
Tegemeo Assets Additions			(33,256,876)
Adjustments Prior year items		1,984,500	42,400,827
Decrease in investments			164,844
Interest earned from Investments	10	31,164,425	11,569,658
Cash on Disposal of Assets	6	4,180,325	289,450
		<u>(821,881,348)</u>	<u>(41,467,580)</u>
Financing Activities			
GoK Capital Grants	2(b)	36,249,872	75,000,000
Net Cash from Financing Activities		<u>36,249,872</u>	<u>75,000,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(182,981,209)	99,800,730
Cash and Cash Equivalents at the start of the period		493,050,302	393,249,572
Cash and Cash Equivalents at the Close of the period	17 (a)	<u>310,069,093</u>	<u>493,050,302</u>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30TH JUNE 2014

Particulars	Note	Original Budget	Adjustments	Final Budget	Actual on	Performance
		Yr 2013/2014 Kshs.	Yr 2013/2014 Kshs.	Yr 2013/2014 Kshs.	Comparable Basis Yr 2013/2014 Kshs.	Difference Yr 2013/2014 Kshs.
Revenue from Non-Exchange Transactions						
GoK Recurrent Capitation Grant	2(a)	2,676,505,900	155,873,538	2,832,379,438	2,832,379,438	0
Research & Extension Income-Main campus	3	198,000,000	-	198,000,000	369,864,634	171,864,634
Other Revenue from Non-Exchange Transactions	4				11,544,935	
Total Revenue from Non-Exchange Transactions		2,874,505,900	155,873,538	3,030,379,438	3,213,789,008	171,864,635
Revenue from Exchange Transactions						
Tuition and Related Fees	5	1,560,285,000	-	1,560,285,000	1,907,831,634	347,546,634
Other Services Rendered	6	161,864,384	-	161,864,384	183,136,343	21,271,959
EUICO		40,000,000	-	40,000,000	57,755,428	
Internal Borrowings		-	-	394,757,877		
Savings b/f		533,260,721	-	533,260,721		
		2,295,410,105	-	2,690,167,982	2,148,723,406	368,818,593
Total Revenue		5,169,916,005	155,873,538	5,720,547,420	5,362,512,414	540,683,228
Expenditure						
Staff Costs	8	2,674,891,505	550,631,415	3,225,522,920	3,213,144,718	(12,378,202)
Administrative and Central Services	10	564,656,555	129,697,604	694,354,159	695,492,502	1,138,343
Repairs and Maintenance Expenses	11	83,612,044	(14,415,550)	69,196,494	70,777,359	1,580,865
Academic Departments Expenses	12	458,648,372	21,271,110	479,919,482	435,638,610	(44,280,872)
Research & Extension Expenses	13	223,000,000	8,000,000	231,000,000	357,941,602	126,941,602
Expenses-IGU Inputs	14	70,000,000	(14,389,169)	55,610,831	72,371,351	16,760,520
Depreciation Expenses	15	6,888,288	(6,888,288)	-	168,749,562	
EUICO		144,000,000	(6,200,000)	137,800,000		
Total Expenditure		4,225,696,764	667,707,122	4,893,403,886	5,014,115,704	89,762,256
Other gains/(Losses)						
Gain (Loss) on Revaluation Investment-Shares		-	-	-	-	-
Decrease in Provision for bad debts		-	-	-	-	-
Gain (Loss) on Foreign Exchange		-	-	-	-	-
Gain/(Loss) on biological Assets		-	-	-	-	-
Gain/(Loss) on Disposal of Assets		-	-	-	-	-
	16	-	-	-	-	-
Surplus from Recurrent Budget		944,219,241	(511,833,584)	827,143,534	348,396,710	450,920,972
GoK Development Grant	2(a)	40,500,000	-	40,500,000	36,249,872	(4,250,128)
Capital Expenditure	21(a)	984,719,241		667,643,534	818,715,496	(48,928,038)
Surplus (Deficit) for the Period		0	(511,833,584)	0	(434,068,914)	495,598,882

NOTES TO THE FINANCIAL STATEMENTS

1.1 Statement of Compliance and Basis of Preparation

The University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by Public Sector Accounting Standard Board (PSASB) that was established by the Public Finance Management Act (PFM) No 18 of 24th July, 2012. The Board was gazetted by the Cabinet Secretary, National Treasury on 28th February, 2014. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University. The accounting policies have been consistently applied to all the years presented.

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

1.2 Summary of significant accounting policies

a) Revenue Recognition

i) Revenue from Non-exchange Transactions

Fees

The University recognizes revenues from fees 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 University 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 University and can be measured reliably.

ii) **Revenue from Exchange Transactions**

Rendering of Services

The University 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 University.

Interest Income

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

Rental Income

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

b) **Budget Information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or University 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.

c) Investment Property

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.

d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University 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.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during their estimated useful life, using the straight-line method. Assets acquired during the year attract full depreciation charge.

The annual rates used are:-

Buildings	-	2.5%
Machinery & equipment	-	20%
Furniture & fittings	-	12.5%
Dairy equipment / plant / tractors	-	10%

Motor vehicles	-	25%
Library books	-	20%
Computers and Appliances	-	33.3%

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the University. 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 University 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 University 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 University. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible Assets

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

g) Research and Development Costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University 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

Financial Assets

Initial Recognition and Measurement

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

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 University 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 University assesses at each reporting date whether there is objective evidence that a financial asset or a University of financial assets is impaired. A financial asset or a University 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 University of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a University 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)

i) Financial Liabilities

Initial Recognition and Measurement

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

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

Loans and Borrowing

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

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.

j) Inventories

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 University.

k) Provisions

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

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent Liabilities

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

Contingent Assets

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

l) Key Management

The University's key management represents all those staff in grade 16 and above

m) Changes in Accounting Policies and Estimates

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

n) Employee Benefits

Retirement Benefit Plans

The University provides retirement benefits for its employees and. Defined contribution plans are post employment benefit plans under which an University pays fixed contributions into a separate University (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.

o) Foreign Currency Transactions

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

p) Borrowing Costs

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.

q) Related Parties

The University 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 University, or vice versa. Members of key management are regarded as related parties and comprise the council members and senior managers.

r) Service Concession Arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Comparative Figures

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

u) Significant Judgments and Sources of Estimation Uncertainty

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

v) *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 University 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 University. Such changes are reflected in the assumptions when they occur.

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 University

- 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.

w) Subsequent Events

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

x) Financial Risk Management

The University manages liquidity risk exposure by operating short term fixed deposits accounts that are highly liquid. To manage the credit risk, the university has a debt policy in place.

y) Nature and Description of Capital Reserves

The University has a capital reserve which represents the government's interest in the net assets/equity of the university and is a combination of contributed capital by the government and the aggregate of the university's accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the university's operations.

Note 2a - Government Recurrent Grants		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
GoK Capitation Grants		
July-2013	532,340,000	169,665,055
August-2013	167,447,691	169,665,055
September-2013	194,920,000	169,665,055
October-2013	207,835,638	169,665,055
November-2013	196,745,321	543,965,055
December-2013	196,745,321	169,665,055
January-2014	196,745,321	169,665,055
February-2014	196,745,321	169,665,055
March-2014	196,745,321	169,665,055
April-2014	244,347,013	169,665,055
May-2014	305,072,243	169,665,055
June-2014	196,690,249	169,665,055
Total GOK Recurrent Grants	2,832,379,438	2,410,280,658

Not 2(b) Income-GoK Development Grants		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
January-2014	13,607,583	
February-2014	10,752,968	
April-2014	11,889,321	
Total GOK Development Grants	36,249,872	75,000,000
Note 3 : -Research & Extension Income		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Research Incomes-RE01-Income	-	132,000
Research Incomes-RE02-Income	4,023,559	3,021,954
Research Incomes-RE03-Income	-	1,285,750
Research Incomes-RE04-Income	-	23,600
Research Incomes-RE05-Income	18,996,482	13,026,830
Research Incomes-RE06-Income	54,595,950	18,802,640
Research Incomes-RE07-Income	1,596,149	3,132,787
Research Incomes-RE08-Income	4,822,277	7,300,993
Research Incomes-RE10-Income	1,429,071	1,217,032
Research Incomes-RE11-Income	1,164,040	2,307,626
Research Incomes-RE12-Income	67,200	-
Research Incomes-RE13-Income	6,508,636	15,200,787
Research Incomes-RE14-Income	-	4,266,886
Research Incomes-RE18-Income	17,135,065	6,477,266
Research Incomes-RE20-Income	1,441,538	4,978,171
Research Incomes-RE21-Income	12,512,864	-
Research Incomes-RE22-Income	10,880,514	18,610,715
Research Incomes-RE23-Income	320,000	11,112,455
Research Incomes-RE25-Income	30,481,365	25,303,415
Research Incomes-RE27-Income	1,315,907	5,416,063
Research Incomes-RE29-Income	15,244,015	19,419,632
Research Incomes-RE32-Income	-	25,312
Research Incomes-RE33-Income	8,111,387	6,151,070
Research Incomes-RE34-Income	4,782,462	8,865,972
Research Incomes-RE37-Income	5,605,291	8,252,134
Research Incomes-RE40-Income	-	468,000
Research Incomes-RE41-Income	6,249,507	2,666,649
Research Incomes-RE42-Income	10,731,034	7,315,122
Research Incomes-RE43-Income	631,440	2,089,478
Research Incomes-RE44-Income	6,373,513	6,402,289
Research Incomes-RE45-Income	19,040,910	12,450,000
Research Incomes-RE46-Income	9,664,737	31,170,031
Research Incomes-RE47-Income	112,473,821	59,590,720
Research Incomes-RE48-Income	3,665,900	-
	369,864,634	306,483,378

Note 4 : - Other Non-Exchange Income		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Income-Mau Egerton Cross Country Income Noncash Sponsors	6,465,000	-
Income-Mau Egerton Cross Country Income-MAIN	5,079,935	-
Grants & Donations Income	-	2,140,230
	11,544,935	2,140,230
Total Non-Exchange Income	11,544,935	2,140,230

Note 5 : - Income-Tuition and Related Fees		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Income-Tuition and Related Fees-Application Fee	4,201,890	6,987,100
Income-Tuition and Related Fees-Registration Fee	35,756,480	32,331,300
Income-Tuition and Related Fees-Student I/D	3,298,100	2,960,675
Income-Tuition and Related Fees-Activity Fees	28,452,800	26,248,200
Income-Tuition and Related Fees-Student medical fee	45,345,820	43,566,200
Income-Tuition and Related Fees-Examination Fee	95,296,060	86,641,550
Income-Tuition and Related Fees-Material Development	100,435,200	92,361,000
Income-Tuition and Related Fees-Academic Gowns	18,310,630	16,124,780
Income-Tuition and Related Fees-Library Fee	60,938,627	55,662,300
Income-Tuition and Related Fees-Tuition Fee	1,415,039,831	1,405,394,822
Income-Tuition and Related Fees-Tuition Fees- Bridging Cours	5,474,340	1,121,935
Income-Tuition and Related Fees-Student Supervision Fee	11,190,000	7,679,500
Income-Tuition and Related Fees-Field Attachment fee	51,083,758	56,628,982
Income-Tuition and Related Fees-Student Laboratory fee	31,722,500	28,577,500
Income-Tuition and Related Fees-Academic Trascripts	19,400	221,600
Income-Tuition and Related Fees- Certificate Storage Charges	72,000	56,400
Income-Tuition and Related Fees-Student Damages Charges	1,300	48,550
Income-Tuition and Related Fees-Library Fine	1,192,898	1,074,726
	1,907,831,634	1,863,687,120

Note 6 : - Income-Other Services Rendered

Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Income-Other Incomes-Accommodation Fees-Halls	53,056,724	84,387,918
Income-Other Incomes-Alumni Membership Fees	7,000	1,000
Income-Other Incomes-Consultancy Fees	-	1,230
Income-Other Incomes-Miscellaneous Income	29,762,682	28,563,685
Income-Other Incomes-Hire of Conference Facilities	-	44,000
Income-Other Incomes-House Rent	11,735,385	16,802,217
Income-Other Incomes-Photocopying Charges	-	66,400
Income-Other Incomes-STAFF I'D	-	5,600
Income-Other Incomes-Tendering Charges	580,525	251,700
Income-Other Incomes-Ambulance Fee	52,800	23,700
Income-Other Incomes-Bed Charges	-	576,007
Income-Other Incomes-Clinical Charges-medical	5,075,704	4,647,366
Income-Other Incomes-Consultation Fees	54,730	47,310
Income-Other Incomes-Dental Fees	318,183	424,500
Income-Other Incomes-Drugs	2,131,209	9,820,991
Income-Other Incomes-Income from Animal Health dept	889,330	-
Income-Other Incomes-Income from overhead account	964,246	-
Income-Other Incomes-Lab Test	990,687	3,658,840
Income-Other Incomes-Meals-catering	18,097,363	20,392,025
Income-Other Incomes-Public Health Charges	-	13,900
Income-Other Incomes-Sale of Beef	-	344,720
Income-Other Incomes-Sale Of Birds	183,756	1,500
Income-Other Incomes-Sale of Cattle	-	158,000
Income-Other Incomes-Sale of Commercial Goods	-	3,990
Income-Other Incomes-Sale of Dairy Products	7,597,896	8,101,175
Income-Other Incomes-Sale Of Eggs	57,170	481,275
Income-Other Incomes-Sale of Firewood	-	222,088
Income-Other Incomes-Sale Of Goats	137,728	368,160
Income-Other Incomes-Sale of Grass	-	3,600
Income-Other Incomes-Sale of Horticultures	381,023	285,006
Income-Other Incomes-Sale Of Milk & Dairy Products	2,581,188	5,889,187
Income-Other Incomes-Sale of Mutton	-	138,000
Income-Other Incomes-Sale Of Pigs	12,000	9,500
Income-Other Incomes-Sale of Pork	300	259,515
Income-Other Incomes-Sale Of Rabbits	31,000	22,000

Income-Other Incomes-Sale of Silage and Fodder Crops	-	4,500
Income-Other Incomes-Sale Of Sheep	7,200	97,200
Income-Other Incomes-Sale of Stationery	39,413	392,073
Income-Other Incomes-Sale of Text Books	1,121,532	306,211
Income-Other Incomes-Sale of Water	-	12,790
Income-Other Incomes-Sale of Wheat	-	3,000
Income-Other Incomes-Service Charge	-	1,000
Income-Other Incomes-Tailoring Income	1,027,384	7,751,561
Income-Other Incomes-Income from OUTZ-IGU	310,035	
Income-Other Incomes-Electronic Studio Income-NTCC	199,200	
Income-Other Incomes-Egerton Castle Income	319,230	-
Income-Other Incomes-Service Charges - EU Press	-	2,629,630
Training Fees	-	230,202
Research Income	-	9,120,237
Manpower Development	-	1,080,206
Income-Collaborative Colleges Income(AICO&KIPC	14,249,295	7,592,555
	151,971,918	215,237,269

Note 7 : - Interest Income		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Interest Income Fixed Deposits		
July-2013	5,634,400	
August-2013	3,793,562	
September-2013	1,619,704	
December-2013	349,171	
January-2014	2,597,740	
February-2014	8,209,136	
March-2014	280,397	
April-2014	4,001,383	
May-2014	1,751,672	
June-2014	2,927,261	
Total Interest Income Investment (fixed deposits)	31,164,425	11,569,658

Note 8 : - Staff Costs**Note 8 (a) : - Key Management Personnel Remuneration**

Particulars	Total 30-Jun-14	30-Jun-13 Ksh
BASIC SALARY	22,853,880	19,578,192
HOUSE ALLOWANCE	4,491,996	4,298,666
DUTY ALLW	2,724,000	882,000
MEDICAL ALLW	313,800	313,800
REMUNERATIVE ALLW	430,140	2,531,840
ENTERTAINMENT ALL	1,464,000	-
PROFESSORIAL ALLW	360,000	360,000
RESPONSIBILITY ALLW	3,336,000	-
PHONE ALLW	708,000	-
TAXABLE BENEFITS	3,484,323	1,940,270
BOOK JOURNAL/ICT ALLW	21,000	-
DOMESTIC SERVANT ALLW	2,940,000	-
HOME WATER AND ELEC	792,000	-
NON USER CAR ALLOWANCE	1,200,000	-
LEAVE ALLOWANCE	163,900	108,585
BASIC SALARY ARREARS	2,283,506	3,276,030
SSP ALLW	3,933,821	3,428,270
HOUSE ALLW ARREARS	176,972	293,003
Pension-Employer Contribution	5,027,477	4,570,844
CLAIM PAYMENT	2,100	33,017
	56,706,915	41,614,518

Note 8 (b) : - All Other Staff Personnel Remuneration

Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense-Personell Emoluments-Basic Salary	1,394,674,092	1,152,644,805
Expense-Personell Emoluments-House Allowance	740,985,058	656,085,031
Expense-Personell Emoluments-Duty/Risk/Extr. Allowance	58,019,092	54,032,076
Expense-Personell Emoluments-Commuter Allowance	192,558,934	181,657,256
Expense-Personell Emoluments-House Allowance Arrears	29,891,674	-
Expense-Personell Emoluments-Medical Allowance	39,953,809	37,425,926
Expense-Personell Emoluments-Hardship Allowance	180,658	163,920
Expense-Personell Emoluments-Remunerative Allowance	26,694,232	-
Expense-Personell Emoluments-Basic Salary Arrears	184,921,084	-
Expense-Personell Emoluments-Examination allowance	991,381	-
Expense-Personell Emoluments-Non Practice allowance	19,555,435	-

Expense-Personell Emoluments-Entertainment Allowance	2,224,611	72,000
Expense-Personell Emoluments-Acting Allowance	1,630,443	645,913
Expense-Personell Emoluments-Professorial Allowance	5,868,667	3,455,624
Expense-Personell Emoluments-Responsibility Allowance	2,501,084	50,000
Expense-Personell Emoluments-Leave Allowance	18,395,830	16,903,020
Expense-Personell Emoluments-Special Duty Allow	940,165	-
Expense-Personell Emoluments-Uniform Allowance	1,424,014	-
Expense-Personell Emoluments-Ambulance Allowance	25,839	-
Expense-Personell Emoluments-Phone allowance	1,321,288	-
Expense-Personell Emoluments-Claim Payment	2,708,147	-
Expense-Personell Emoluments-Taxable Benefits	-	44,441,064
Expense-Personell Emoluments-Call Allowance	13,768,511	14,624,827
Expense-Personell Emoluments-SSP Allowance (Staff)	56,269,713	53,435,098
Expense-Personell Emoluments-BOOK JOURNAL/ICT ALLC	7,770,000	7,245,000
Expense-Personell Emoluments-NSSF-Employer Contribution	1,857,400	2,084,400
Expense-Personell Emoluments-Pension-Employer Contribution	250,727,559	178,883,989
Expense-Other Staff Costs- Passage and Baggage	8,361,842	3,621,187
Expense-Personell Emoluments-Gratuities	49,819,821	39,271,811
Expense-Other Staff Costs- Staff Education Fund Expenses	6,888,370	35,670
Expense-Other Staff Costs- Staff Fees Waiver	14,985,315	12,521,800
Expense-Other Staff Costs- Staff Training Expenses	8,330,452	-
Expense-Other Staff Costs- Graduate Scholarships	5,884,800	1,706,000
Expense-Other Staff Costs- Staff Uniforms	5,446,094	1,490,586
Expense-Personell Emoluments-Honorarium-IGU	122,237	1,791,853
Expense-Personell Emoluments-Home Water & Electricity	560,000	-
Expense-Personell Emoluments-Domestic Servant	180,155	-
Expense-Personell Emoluments-Non use of Car	-	-
	3,156,437,803	2,464,288,855
Total Staff Costs	3,213,144,718	2,505,903,373

Note 9 : - Council Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense-Council Expenses-Sitting Allowances-Main	16,107,758	-
Expense-Council Expenses-Mileage/Travel-Main	3,744,624	-
Expense-Council Expenses-Meals-Main	66,180	-
Expense-Council Expenses-Others Council Expense-Main	56,000	-
	19,974,562	15,176,388

Note 10 : - Administration and Central Services Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense-Admin & Central-Casual Labor Expenses-Main	7,887,922	6,087,503
Expense-Admin & Central- Office Stationery -Main	14,764,028	25,844,971
Expense-Admin & Central- Advertising -Main	38,415,978	24,471,865
Expense-Admin & Central- Postage And Telephone -Main	5,897,863	5,221,251
Expense-Admin & Central- Electricity & Water -Main	114,434,098	97,375,788
Expense-Admin & Central- Official Entertainment -Main	1,123,505	732,150
Expense-Admin & Central- Vehicle - Insurance -Main	13,924,091	-
Expense-Admin & Central- Cleaning Materials -Main	14,000	87,901
Expense-Admin & Central- Contracted Security Services -Main	29,859,904	1,360,188
Expense-Admin & Central- General Insurances - Properties -Ma	17,889,426	20,192,999
Expense-Admin & Central- Legal Charges -Main	9,324,106	5,491,501
Expense-Admin & Central- Strategic Initiative-ISO 22000/9001	12,206,211	-
Expense-Admin & Central- Computer Stationery -Main	5,974,893	6,832,050
Expense-Admin & Central- Audit Fees And Expenses -Main	2,378,336	2,520,000
Expense-Admin & Central- Rent And Rates -Main	88,560,839	68,569,228
Expense-Admin & Central- Conference And Seminars -Main	14,712,436	9,881,295
Expense-Admin & Central- Staff Subscription to Professional	10,488,773	7,418,276
Expense-Admin & Central- University Subscription to Other Bo	1,569,250	-
Expense-Admin & Central- News Papers, Journals & Videos -Mai	5,221,655	2,898,010
Expense-Admin & Central- Shows & Exhibitions Expenses -Main	3,009,456	5,903,540
Expense-Admin & Central- Internet Services -Main	14,795,823	13,392,138
Expense-Admin & Central- Office Running Expenses -Main	7,513,804	7,216,204
Expense-Admin & Central- Students Union Expenses-Main	-	6,207,236
Expense-Admin & Central- Computer Maintenance -Main	987,100	-
Expense-Admin & Central-Bank Charges , Interest & Comm -Main	11,372,087	7,934,418
Expense-Admin & Central- Other Board Comm. - Jab, Fac., Dept	7,931,146	3,485,604
Expense-Admin & Central- Cleaning And Sanitary Services -Mai	30,326,851	32,308,423
Expense-Admin & Central- Tendering Expenses -Main	26,470	-
Expense-Admin & Central- Strategic Initiative General Main	6,111,790	28,753,699
Expense-Admin & Central- Fuel & Gas Main	151,456	51,512
Expense-Admin & Central - Flagship Projects - Main	-	11,010,000
Expense-Admin & Central- Publicity -Main	18,703,266	-
Expense-Admin & Central- Open Days Expenses -Main	45,500	-
Expense-Admin & Cen-Awards & Prizes-Mau Egerton Cross Countr	1,811,000	-
Expense-Admin & Cen-Other expenses-Mau Egerton Cross Country	1,118,204	-
Expense-Admin & Cen- Taxes	34,568,721	-
Expense-Other Staff Costs-Travelling And Subs. Staff	50,112,034	34,310,446
Expense-Other Staff Costs- External Travelling	2,163,407	10,215,254
Expense-Other Staff Costs- Staff Hospitalization Expenses	81,191,132	81,780,944
Expense Expenses- MEDICAL SUPPLIES	5,302,347	287,659
Expense-Other Staff Costs-Staff Funerals Expenses	789,052	3,397,555
Expense-IGU Expenses-Purchase of Farm Inputs-IGU	19,960	73,780
Expense-IGU Expenses-PRODUCTION INPUTS-IGU	26,894	106,122
Expense-IGU Expenses- MEDICAL SUPPLIES	2,793,125	5,635,467
	675,517,940	537,054,977

Note 11: - Repairs and Maintenance Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense-REPAIRS & MAINT. - EQUIPMENTS	3,964,734	4,708,733
Expense-REPAIRS & MAINT. VEHICLE REPAIRS	9,327,435	725,587
Expense-REPAIRS & MAINT. REPAIRS & MAINT. -FENCING	7,000	-
Expense-REPAIRS & MAINT. WATER SUPPLY & SEWERAGE	2,315,269	8,336,783
Expense-REPAIRS & MAINT. REPAIRS & MAINT. -Building	2,143,968	6,588,473
Expense-REPAIRS & MAINT. MAINTENANCE OF STATIONS-ME	24,965,503	38,988,748
Expense-REPAIRS & MAINT. FUEL AND OILS -VEHICLES	28,053,449	27,193,361
	70,777,359	86,541,685

Note 12 : - Academic Departments Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense-Academic Dept.-Teaching Claims (Part time Lecturers)	328,959,844	165,203,568
Expense-Academic Dept.-PRINTING AND PUBLISHING-Main	3,708,424	855,364
Expense-Academic Dept.-TEACHING MATERIALS-Main	25,374,995	52,483,315
Expense-Academic Dept.-GRADUATION EXPENSES-Main	13,220,173	14,070,805
Expense-Academic Dept.-STUDENTS TRAINING-Main	-	793,111
Expense-Academic Dept.-School based Allow,Claims Expenses	-	277,577,781
Expense-Academic Dept.-SPORTS EXPENSES (STUDENTS)-Main	3,541,031	3,189,595
Expense-Academic Dept.-TEACHING PRACTICE & ATTACHMEN	15,203,348	9,088,303
Expense-Academic Dept.-STUDENTS WORK STUDY EXP.-Main	9,109,064	7,566,762
Expense-Academic Dept.-ACADEMIC FIELD TRIPS-Main	14,881,302	799,480
Expense-Academic Dept.-SPORTS (INTER-UNIVERSITIES)-Main	1,792,043	6,551,317
Expense-Academic Dept.-Students Choir Expenses-Main	-	51,110
Expense-Academic Dept.-SUB. & ACCOM. -PART-TIME LECTURES	-	7,328,330
Expense-Academic Dept.-SUB. & ACCOM. -EXTERNAL EXAMINEE	2,332,485	312,119
Expense-Academic Dept.-ENDOWMENT FUND (Student Sponsorsh	2,608,928	436,980
Expense-Academic Dept- Students Registration Expenses	10,175,769	13,002
Expense-Academic Dept- Students Scholarship Expenses	1,760,000	-
Expense-Academic Dept- Students ID Expenses	327,500	-
Expense-Academic Dept.-TEACHING SERVICES-Main	2,643,705	-
	435,638,610	546,320,941

Note 13 : - Research & Extension Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Research Expenses-E500-Expenses	22,916,540	2,274,990
Research Expenses-RE01-Expenses		141,520
Research Expenses-RE02-Expenses	3,390,971	3,395,091
Research Expenses-RE03-Expenses		311,733
Research Expenses-RE04-Expenses		1,800
Research Expenses-RE05-Expenses	19,512,386	8,201,870
Research Expenses-RE06-Expenses	37,195,366	30,437,237
Research Expenses-RE07-Expenses	1,673,824	3,816,610
Research Expenses-RE08-Expenses	5,293,886	5,940,836
Research Expenses-RE09-Expenses		510,127
Research Expenses-RE10-Expenses	1,512,989	1,668,145
Research Expenses-RE11-Expenses	1,899,151	1,927,635
Research Expenses-RE12-Expenses	3,005,250	4,607,232
Research Expenses-RE13-Expenses	9,053,230	12,641,793
Research Expenses-RE14-Expenses	212,927	6,767,614
Research Expenses-RE18-Expenses	10,374,852	5,590,302
Research Expenses-RE20-Expenses	1,029,192	6,530,649
Research Expenses-RE21-Expenses	3,641,040	984,900
Research Expenses-RE22-Expenses	11,884,335	20,252,444
Research Expenses-RE23-Expenses	5,633,962	6,891,453
Research Expenses-RE25-Expenses	31,629,726	25,042,736
Research Expenses-RE27-Expenses	1,622,226	4,138,917
Research Expenses-RE29-Expenses	15,284,385	14,004,922
Research Expenses-RE32-Expenses		672,827
Research Expenses-RE33-Expenses	10,360,917	2,627,313
Research Expenses-RE34-Expenses	5,024,911	6,123,273
Research Expenses-RE37-Expenses	6,121,704	4,383,711
Research Expenses-RE40-Expenses	112,980	582,834
Research Expenses-RE41-Expenses	1,859,665	2,623,415
Research Expenses-RE42-Expenses	14,263,689	6,841,785
Research Expenses-RE43-Expenses	1,086,219	4,266,343
Research Expenses-RE44-Expenses	6,049,613	2,705,355
Research Expenses-RE45-Expenses	3,617,864	3,750
Research Expenses-RE46-Expenses	12,942,402	14,250,187
Research Expenses-RE47-Expenses	106,996,475	48,741,371
Research Expenses-RE48-Expenses	2,738,927	
	357,941,602	259,902,717

Note 14: - IGU Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense Expenses-Crockery And Cutlery	1,164,249	
Expense Expenses-Purchase of Foodstuff	2,178,105	19,189,822
Expense Expenses-PRODUCTION INPUTS	34,333,801	12,796,287
Expense Expenses-Purchase of Farm Inputs	1,482,522	720,205
Expense Expenses-Purchase of Stationery for Resale	529,930	233,785
Expense-Academic Dept.-TEACHING MATERIALS-IGU	1,714,201	73,200
Expense-Academic Dept.-PRINTING AND PUBLISHING-IGU	568,340	6,174
Expense-REPAIRS & MAINT. MAINTENANCE OF STATIO	11,002,334	6,603,696
Expense-REPAIRS & MAINT. REPAIRS & MAINT. -FENCI	27,140	
Expense-REPAIRS & MAINT. VEHICLE REPAIRS-IGU	768,404	
Expense-REPAIRS & MAINT. - EQUIPMENTS-IGU	769,290	6,394,171
Expense-Admin & Central-Bank Charges , Interest & Comm.-IG	129,636	127,476
Expense-Admin & Central- Cleaning Materials -IGU	16,697,075	10,826,795
Expense-Admin & Central-Casual Labor Expenses-IGU	752,483	2,826,238
Expense-Other Staff Costs- Staff Uniforms -IGU	50,600	
Expense-Other Staff Costs-Travelling And Subs. Staff -IGUs	203,240	958,771
Expense-Other Staff Costs- Staff Hospitalization Expenses		210,168
STAFF DEVELOPMENT		135,500
Expense-REPAIRS & MAINT. FUEL AND OILS -VEHICLES		830,510
Expense-Other Staff Costs- External Travelling		12,740
Expense-Academic Dept.-Teaching Claims (Part time Lecturers)		129,290
Expense-Admin & Central- Shows & Exhibitions Expenses -Main		5,600
Expense-Admin & Central- Postage And Telephone -Main		79,563
Expense-Admin & Central- Office Running Expenses -Main		703,795
Expense-Admin & Central- Cleaning And Sanitary Services -Mai		1,018,702
Expense-Admin & Central- Staff Subscription to Professional		39,025
Expense-Admin & Central- Computer Stationery -Main		105,560
Expense-Admin & Central- News Papers, Journals & Videos -Mai		33,800
Expense-Admin & Central- Conferençe And Seminars -Main		116,994
Expense-Admin & Central- Advertising -Main		5,000
Expense-Admin & Central- Office Stationery -Main		1,444,028
	72,371,351	65,626,894

Note 15: - Depreciation Expenses		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Expense- Depreciation-Buildings-Egerton Buildings	57,989,848	58,021,648
Expense- Depreciation-Plant & Machinery-Dairy Institute mach	1,455,360	776,186
Expense- Depreciation-Furniture-N	10,971,251	7,119,982
Expense- Depreciation-Equipments- Equipments	27,422,813	20,498,008
Expense- Depreciation-Library Books-N	6,173,908	6,787,530
Expense- Depreciation-Motor Vehicles-N	19,573,304	20,088,668
Expense- Depreciation-Computers & Software-Computer & Acce	45,163,079	43,806,479
	168,749,562	157,098,500

Note 16:- Other Gains/(Losses)		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
(Gain) Loss on Revaluation Investment-Shares	7,870	(164,844)
Expense-Admin & Central-Bad Debts w/off- Decrease in Provisio	84,579,067	(38,210,237)
Expense-Admin & Central- (Gain) Loss on FOREX	2,140,767	
Income-Other Incomes-Gain/(Loss) on biological Assets	(5,186,950)	3,602,840
Income-Other Incomes-Gain/(Loss) on Disposal Of Assets	4,168,350	289,450
	85,709,104	(34,482,791)

Note 17 (a) :- Cash in Hand and in Bank		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Main - Bank Balances	11,513,849	35,290,814
Nairobi City Campus - Bank Balances	248,464	8,096,241
IGUs - Bank Balances	33,023,931	125,640,611
Research & Extension Bank Balances	188,977,099	218,739,776
Tegemeo Bank Balances	149,980,174	40,090,819
Nakuru Town Campus College - Bank Balances	10,184,297	63,324,607
EUICO - Cash Balances	7,921,728	10,905,753
Total Bank Balances	401,849,543	502,088,621
Petty Cash		
Main - Cash In Hand	164,176	300,000
Nairobi City Campus - Cash In Hand	100,243	-
Nakuru Town Campus College - Cash in Hand	-	1,819
EUICO - Cash in Hand	-	609,936
Total Cash In Hand	264,419	911,755
Total Cash in Bank and in Hand	402,113,962	503,000,376

Note 17 (b) :- Short Term Fixed Deposits		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Fixed Deposits Accounts		
KCB Bank	131,483,821	223,483,821
Co-operative Bank	151,000,000	216,438,909
Total Fixed Deposits	282,483,821	439,922,731

Note 17 (c) :- Negative Cashbook Balances		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Main - Negative Bank Balances	(257,005,355)	(449,827,179)
Nairobi City Campus - Negative Bank Balances	(97,895,202)	-
IGUs - Negative Bank Balances	(4,024,365)	-
Research & Extension Bank Balances	-	(45,626)
Nakuru Town Campus College - Negative Bank Balances	(15,603,768)	-
EUICO - Negative Bank Balances	-	-
	(374,528,690)	(449,872,805)
Total Cash and Cash Equivalent	310,069,093	493,050,302

Note 18 (a) :- Receivables from Exchange Transaction		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Current Assets-Accounts Receivables-Outstanding Imprest	94,321,966	85,035,842
Current Assets-Accounts Receivables-Student Debtors	942,803,139	686,438,947
Current Assets-Accounts Receivables-Rent Arrears	-	100,353
Current Assets-Accounts Receivables-General Debtors	8,693,987	7,969,987
Current Assets-Accounts Receivables-Internal Debtors	9,857,436	8,243,073
Current Assets-Accounts Receivables-ECCOSACS Debtors-Main	195,000	195,000
Current Assets-Accounts Receivables-DUE FROM GOVERNME	-	169,665,055
Current Assets-Accounts Receivables-Debtors Suspense-Main	723,000	723,000
Current Assets-Other Deposits-Deposits E A O Cyliders	56,000	56,000
Current Assets-Other Deposits-Deposits KPL CO Ltd	726,630	686,630
Tegemeo Staff Unsurrendered Imprests	18,233,833	
Receivables - EUICO	54,355,359	37,095,994
	1,129,966,349	996,209,879

Note 18 (b) :- Provisions for Bad Debts		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Current Liabilities- Provisions Main Campus	37,777,250	125,357,259
Current Liabilities- Provisions Nairobi City Campus	1,836,412	-
Current Liabilities- Provisions IGUs	77,067	77,067
Current Liabilities- Provisions Nakuru Town Campus	1,649,841	485,311
	41,340,570	125,919,637

Net Receivables from Exchange Transaction	1,088,625,779	870,290,242
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Note 18 (c) :- Receivables from Non-Exchange Transaction		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
BAT	250,000	-
Geothermal Dev. Authority	60,000	-
Kenya Commercial Bank	1,000,000	-
Apollo Assurance	1,000,000	-
Safaricom - M-Pesa Collections	40,587	-
Current Assets-General Debtors-Mau Egerton Cross Count	2,350,587	-
Total Receivables	1,132,316,936	996,209,879

Note 19 :- Inventories		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Current Assets-Inventories-Stocks Central & Substores	4,428,540	2,875,506
Current Assets-Inventories-Stocks Stationery	7,968,056	6,042,277
Current Assets-Inventories-Stocks Consumables	44,402,739	36,781,678
Current Assets-Inventories-Stocks Medical drugs	10,260,052	4,568,224
Current Assets-Inventories-Shop stock-IGU	2,549,857	2,256,120
EUICO - Inventories	69,912,286	11,871,809
	139,521,531	64,395,615

Note 20: Agricultural Assets

Note 20 (a) :- Biological Assets - Bearer Assets		
Particulars	Total 30-Jun-14 .	30-Jun-13 Ksh
Biological Assets - Livestock TDU-IGU	10,841,900	16,676,100
Biological Assets - Livestock Kenyatta Campus-IGU	1,407,000	1,168,000
Biological Assets - Security Dogs-Main	200,000	200,000
Biological Assets - Livestock Chemeron Field Station	696,300	1,220,000
Biological Assets - Livestock Lord Egerton Castle	-	282,000
Biological Assets - Livestock EUICO	37,426,000	32,660,000
	50,571,200	52,206,100

Note 20 (b) :- Biological Assets - Consumable Assets		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Biological Assets - Crops TDU-IGU	913,600	31,850
Biological Assets - Crops EUICO	66,652,500	46,517,720
	67,566,100	46,549,570

Note 20 (c) :- Agricultural Produce & Planting Seeds		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Agricultural Produce TDU-IGU	259,740	-
Agricultural Produce -Crops,Horticulture and Soil Sciense	72,460	-
Agricultural Produce - EUICO	16,161,150	-
	16,493,350	-
Total Agricultural Assets	134,630,650	98,755,670

Note 21(a) :- Property, Plant & Equipment

Particulars	Land	Buildings	W.I.P	Dairy Equipments/ Plant, Tractors	Furniture, Fittings	Other Equipments	Library Books	Motor Vehicles	Computer and Appliances	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost or Valuation										
As at 01/07/2012	753,262,000	524,386,000	2,472,660,685	31,116,888	120,293,519	390,701,222	89,907,858	180,702,293	286,082,762	4,849,113,227
Additions During the year	1,578,300	1,787,253,358	105,836,960	2,249,000	9,947,240	23,169,335	4,550,346	14,138,457	69,990,007	2,018,713,003
Additions During the year EUICO		12,088,215		11,245,323		1,718,290		4,048,600		29,100,428
Additional Tegemeo Assets	22,800,000	7,200,000			1,428,763	9,603,049		12,734,213		53,766,025
WIP Transferred To Assets Year 2013			1,839,439,339							1,839,439,339
WIP Transferred To Prior Year expenses			148,600,386							148,600,386
Transfers			1,988,039,726							1,988,039,726
Additions Prior year (Motor vehicles)								15,548,000		15,548,000
Disposal During the year					220,816	90,788				311,604
Adjustments During the year	8,000	756,547			3,302,671	40,425,374	7,702,416	(58,409,095)		(6,214,087)
As at 01/07/2013	777,648,300	2,331,684,120	590,457,919	44,611,211	134,751,377	465,526,483	102,160,620	168,762,468	356,072,769	4,971,675,266
Year adjustments										1,900,000
Additions During the year	187,946,500		524,803,446	2,525,000	18,077,645	34,237,921	5,170,008	31,843,360	14,111,616	818,715,496
Tegemeo Assets		5,914,000			1,428,763	9,603,049		12,734,213		23,766,025
EUICO Assets				18,973,394		4,235,621				29,123,015
Disposal During the year					54,604	3,393,003		12,021,274	246,726	15,715,607
As at 30/06/2014	965,594,800	2,337,598,120	1,115,261,365	66,109,605	151,345,656	491,003,973	107,330,627	173,950,341	369,937,659	5,778,132,146
Depreciation										
As at 01/07/2012	-	221,821,650	-	27,832,196	105,232,132	394,676,823	75,752,961	124,292,433	234,770,797	1,184,378,991
As at 01/07/2012 (TEGEMEO)	-	-	-	-	780,742	7,734,693	-	11,993,713	-	20,509,148
Additions Prior year (Motor vehicles)	-	-	-	-	-	-	-	11,579,000	-	11,579,000
Charge for the year	-	58,021,648	-	776,186	7,119,982	20,498,008	6,787,530	20,088,668	43,806,479	157,098,500
Adjustments During the year	-	-	-	-	(1,520)	110,377	(108,857)	-	-	-
Charge for the year - EUICO	-	288,981	-	1,480,716	-	205,096	-	1,012,150	-	2,986,943
Cumulative Depreciation (Gross)	-	280,132,279	-	30,089,097	113,131,336	423,224,997	82,431,633	168,965,964	278,577,276	1,376,552,582
Acc Depr on Disposed Assets	-	-	-	-	220,816	90,788	-	-	-	311,604
Adjustments During the year	-	32,907,390	-	-	(6,150,466)	(3,956,996)	6,781,540	(30,595,439)	-	(1,013,971)
As at 01/07/2013	-	313,039,669	-	30,089,097	106,760,053	419,177,213	89,213,173	138,370,526	278,577,276	1,375,227,007
Year adjustments	-	-	-	-	-	-	-	84,500	-	84,500
Charge for the year	-	57,989,848	-	1,455,360	10,971,251	27,422,813	6,173,908	19,573,304	45,163,079	168,749,562
Tegemeo Assets	-	-	-	-	872,612	8,763,788	-	12,734,213	-	22,370,613
EUICO Assets	-	206,745	-	4,328,493	-	1,133,622	-	759,113	-	6,427,973
Acc Depr on Disposals	-	-	-	-	51,729	3,383,903	-	12,021,274	246,726	15,703,632
Cumm Dep Net of Disposals	-	371,236,262	-	35,872,950	116,806,963	435,585,957	95,387,081	134,031,955	323,493,629	1,512,414,797
NBV-30 June 2014	965,594,800	1,966,361,858	1,115,261,365	30,236,655	34,538,693	55,418,015	11,943,546	39,918,386	46,444,029	4,265,717,348
NBV-30 June 2013	777,648,300	2,018,644,451	590,457,919	14,522,114	27,991,324	46,349,270	12,947,447	30,391,942	77,495,492	3,596,448,259

Note 21(b) Accumulated Depreciation		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Accum. Depreciation-Buildings-Egerton Buildings-Main	(333,217,843)	(276,586,159)
Accum. Depreciation-Buildings-Play Grounds-Main	(5,101,825)	(4,925,900)
Accum. Depreciation-Buildings-Roads & Bridges-Main	(10,487,750)	(10,011,125)
Accum. Depreciation-Buildings-Sewerage Scheme-Main	(21,521,167)	(20,654,278)
Accum. Depreciation-Buildings-Swimming Pool-Main	(411,950)	(393,225)
Accum. Depreciation-Plant & Machinery-Dairy Institute machin	(5,766,456)	(5,443,056)
Accum. Depreciation-Plant & Machinery-Tractors, Rollers & Ma	(24,297,285)	(23,165,325)
Accum. Depreciation-Furniture-N-Main	(116,806,963)	(105,887,441)
Accum. Depreciation-Equipments-Accommodation Equipments-Main	(28,854,799)	(26,230,858)
Accum. Depreciation-Equipments-Kitchen equipments-Main	(11,809,406)	(11,369,126)
Accum. Depreciation-Equipments-Education Media equipments-Ma	(1,946,999)	(1,946,999)
Accum. Depreciation-Equipments-Fashion Knitwear Equipments-M	(2,049,798)	(2,049,798)
Accum. Depreciation-Equipments-Fire Fighting Equipments-Main	(666,000)	(603,500)
Accum. Depreciation-Equipments-Fuel storage Tanks-Main	(129,000)	(129,000)
Accum. Depreciation-Equipments-Graduation Gowns-Main	(15,613,210)	(13,240,350)
Accum. Depreciation-Equipments-Intercommunication System-Mai	(52,375,964)	(51,167,234)
Accum. Depreciation-Equipments-School Equipments-Main	(1,884,928)	(1,884,928)
Accum. Depreciation-Equipments-Laboratory equipments-Main	(140,291,653)	(137,116,288)
Accum. Depreciation-Equipments-Laundry Equipment-Main	(659,734)	(636,824)
Accum. Depreciation-Equipments-Lighting Facilities-Main	(6,150,570)	(4,032,160)
Accum. Depreciation-Equipments-Medical Equipment-Main	(2,749,208)	(2,681,000)
Accum. Depreciation-Equipments-Mobile Phones-Main	(300,474)	(300,474)
Accum. Depreciation-Equipments-Dairy equipments-Main	(2,096,143)	(1,576,143)
Accum. Depreciation-Equipments-Office Equipments-Main	(50,569,704)	(51,032,119)
Accum. Depreciation-Equipments-Other Machinery & Equipments-Main	(40,392,764)	(35,994,040)
Accum. Depreciation-Equipments-Public Address System-Main	(25,540)	(25,540)
Accum. Depreciation-Equipments-Rabbitary Equipments-Main	(365,995)	(206,495)
Accum. Depreciation-Equipments-Small Tools-Main	(11,901,314)	(11,888,044)
Accum. Depreciation-Equipments-Sports Equipments-Main	(6,041,600)	(5,942,554)
Accum. Depreciation-Equipments-Surgical Lamps-Main	(260,965)	(260,965)
Accum. Depreciation-Equipments-Tuition equipments-Main	(18,860,486)	(14,704,127)
Accum. Depreciation-Equipments-Water Equipments-Main	(17,682,455)	(14,967,633)
Accum. Depreciation-Equipments-Water Supply Equipment-Main	(15,679,000)	(15,679,000)
Accum. Depreciation-Equipments-Workshop Equipments-Main	(4,368,531)	(4,022,131)
Accum. Depreciation-Equipments-TDU-FENCING-Main	(521,000)	(521,000)
Accum. Depreciation-Library Books-N-Main	(95,387,081)	(89,213,173)
Accum. Depreciation-Motor Vehicles-N-Main	(132,260,693)	(109,978,426)
Accum. Depreciation-Computers & Software-Computer & Accessor	(301,335,317)	(247,429,967)
Accum. Depreciation-Computers & Software-Software-Main	(22,158,312)	(20,156,954)
	(1,502,999,881)	(1,324,053,358)

Note 21 (c) - Work-In-Progress			
Particulars	Total	30-Jun-14	30-Jun-13
	30-Jun-14	Additions	Ksh
WIP-WIP-Buildings-Constr. Of Admin. Building-Main	20,096,000	-	20,096,000
WIP-WIP-Buildings-Constr. Of Njokerio Foot Bridge-Main	447,010	447,010	-
WIP-WIP-Buildings-Construction Of Science Complex-Main	279,862,557	142,194,006	137,668,551
WIP-WIP-Buildings-Construction Of Agronomy & Horticulture-Mai	177,377,480	-	177,377,480
WIP-WIP-Buildings-Const. Of ICT Infrastructure-Main	35,094,611	29,095,736	5,998,875
WIP-WIP-Buildings-Constr. Of Students Housing Complex-Main	372,726,585	285,569,209	87,157,376
WIP-WIP-Buildings-Faculty Of Law-NTCC-Main	123,916,482	-	123,916,482
WIP-WIP-Buildings-Constr. Of Dining Kitchen-Main	23,339,554	23,339,554	-
WIP-WIP-Buildings-Water Dam-Main	66,189,693	40,409,305	25,780,388
WIP-WIP-Buildings-Students Centre-Main	12,462,768	-	12,462,768
WIP-WIP-Buildings-Water Treatment Works Expansions-Main	700,000	700,000	-
WIP-WIP-Plant and Machinery-WIP-Plant and Machinery-Main	256,891	256,891	-
WIP-WIP-Buildings-Faculty of Veterinary Medicine-Main	1,650,000	1,650,000	-
WIP-WIP-Construction-High Mast Security Lights	1,141,735	1,141,735	-
Total	1,115,261,365	524,803,446	590,457,919

Note 22:- Investments

Particulars	Total	30-Jun-13
	30-Jun-14	Ksh
Investments-Long Term-Kenya Farmers Association shares - 898	179,000	179,000
Investments-Long Term-Kenya Co-op Creameries shares - 1040-M	235,000	235,000
Investments-Long Term-Kenya Airways- Ordinary Shares- 52468-	529,927	522,057
Investments-Long Term-Pyrethrum Board of Kenya-Ordinary Shar	3,000	3,000
Investments-Long Term-Mercat Limited Ordinary Shares - 254-M	900	900
	947,827	939,957

Note 23 (a) :- Trade and Othe Payables		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Current Liabilities-Payroll Payables-Pension (Employee)	48,487,433	-
Current Liabilities-Trade Creditors-N	124,650,637	38,195,508
Current Liabilities-Internal Creditors-N	15,666,976	10,462,272
Current Liabilities-Taxes-Withholding Tax Payable	2,380,925	-
Current Liabilities-Other Payables-Students Caution Money	55,315,300	43,549,300
Current Liabilities-Other Payables-Students Union Fees	7,068,198	9,122,690
Current Liabilities-Other Payables-Contractors' Retention Mo	28,009,147	52,575,107
Current Liabilities-Other Payables-CDF Clearing a/c	1,944,304	5,604,804
Current Liabilities-Other Payables-HELB Clearing a/c	6,900,488	56,084,340
Current Liabilities-Other Payables-Other Sponsors Clearing a	2,870,783	187,124
Current Liabilities-Other Payables-DUE TO AICO	1,347,001	2,078,644
Current Liabilities-Other Payables-DUE TO KIPC	20,199,059	15,377,655
Current Liabilities-Other Payables-Alumni Fees-Main	478,500	-
Deferred Income Tegemeo	150,011,856	
EUICO - Trade & Other Payables	26,025,842	12,318,416
Student Prepaid fees	227,574,347	139,410,321
	718,930,795	384,966,181

Note 23 (b) :- Accruals		
Particulars	Total 30-Jun-14	30-Jun-13 Ksh
Current Liabilities-Accruals Main Campus	84,554,085	120,967,650
Current Liabilities-Accruals Nairobi City Campus	63,215,259	60,750,000
Current Liabilities-Accruals Nakuru Town Campus	106,470,380	35,575,526
	254,239,724	217,293,176

Note 23 (c):- Contingent Liability

The Kenya Revenue Authority carried out a tax compliance audit on Egerton University for the period July 2012 to November 2013. Out of the audit, the University was instructed to pay a principal tax of Kshs. 93,446,850 plus interest and penalty of Kshs.56, 948,372. The principal amount has since been paid. The University has applied to the National Treasury for the waiver of the penalty and thus the tax obligation of Kshs. 56,948,372 in relation to penalties has not yet been paid.

Note 24:- Tegemeo Institute Reports

Note 24 (a):- Tegemeo Institute Incomes and Expenditures

PROJECT NAME	BALANCE B/F	OTHER INCOME	INTEREST INCOME / EXCHANGE RATE DIFFERENCES	ADDITIONAL FUNDING DURING THE YEAR	Total 30-Jun-14		TOTAL INCOME FOR THE YEAR
					TOTAL EXPENDITURE	INCOME MATCHED TO EXPENDITURE	
TAPRA I	-	11,811,059	-	-	9,729,217	9,729,217	9,729,217
TAPRA II	-	(448,756)	611,896	137,557,847	78,623,643	78,623,643	78,623,643
OVERHEAD	-	7,074,391	-	5,369,973	-	-	12,444,364
MILE	-	-	-	57,179,791	3,101,816	3,101,816	3,101,816
FORD	8,972,086	-	-	-	9,595,695	9,595,695	9,595,695
ROCKEFELLER	14,363,365	-	-	-	2,743,723	2,743,723	2,743,723
RCT	79,076	-	-	28,152,005	12,186,149	12,186,149	12,186,149
FAC	-	-	-	2,725,716	400,724	400,724	400,724
GLCI	5,563,517	-	-	-	3,260,289	3,260,289	3,260,289
WORLD BANK KAPAP	972,125	-	-	464,580	312,075	312,075	312,075
GRIPS	1,267,098	-	-	-	1,267,098	1,267,098	1,267,098
EGERTON	-	622,562	-	-	583,795	-	622,562
GISAMA	5,378,354	-	-	-	2,627,425	2,627,425	2,627,425
ReNAPRI	-	-	-	620,563	1,410,613	1,410,613	1,410,613
PAMKMDP ACCOUNT	505,643	-	-	-	799,281	-	-
TAMPA II ACCOUNT	-	4,296,445	813,229	1,546,333	3,943,313	-	6,656,008
INTEREST FOREX GAIN (LOSS)	2,989,554	-	1,123,638	-	813,229	-	1,123,638
TOTAL	40,090,819	23,355,702	2,548,763	233,616,808	131,398,085	125,258,467	146,105,039

Note 24 (b):- Deferred Incomes & Staff Unsurrendered Imprests

PROJECT NAME	Total 30-Jun-14	Total 30-Jun-14	Total 30-Jun-14	Total 30-Jun-13
PROJECT NAME	DEFFERED INCOME	RESERVE C/D	STAFF IMPREST/ DEFFERED EXPENSES	BALANCE B/F
TAPRA I	2,081,842		-	-
TAPRA II	59,097,344		18,233,833	-
OVERHEAD		12,444,364	-	-
MILE	54,077,975	-	-	-
FORD	(623,609)	-	-	8,972,086
ROCKEFELLER	11,619,642	-	-	14,363,365
RCT	16,044,932	-	-	79,076
FAC	2,324,992	-	-	-
GLCI	2,303,228	-	-	5,563,517
WORLD BANK/KAPAP	1,124,630	-	-	972,125
GRIPS	-	-	-	1,267,098
EGERTON		38,767	-	-
GISAMA	2,750,929	-	-	5,378,354
ReNAPRI	(790,050)	-	-	-
PAM/KMDP ACCOUNT		(293,639)	-	505,643
TAMPA II ACCOUNT		2,712,694	-	-
INTEREST/FOREX GAIN/ (LOSS)		3,299,964	-	2,989,554
TOTAL	150,011,856	18,202,151	18,233,833	40,090,819

Note 24 (c):- Tegemeo Institute Cash at Bank

BANK A/C NAME	BANK A/C NO.	CASHBOOK BALANCE (KES)	CASHBOOK BALANCE (USD)	TOTAL CASHBOOK BALANCES
Egerton University A C Tegemeo TAPRA-NIC	1000237228	2,151,890		2,151,890
Egerton University-Tegemeo Inst TAPRA II-NIC	1000020334	53,307,875	-	53,307,875
Egerton University-Tegemeo Institute-NIC	1001783811	54,389,104	-	54,389,104
Egerton University-Tegemeo Inst- RFCCP-NIC	1000015411	22,156,380	7,517,200	29,673,580
Egerton Univ-Tegemeo Institute - KBSP-NIC	1000015748	6,212,699	-	6,212,699
Egerton University Tegemeo Institute-NBK	0100-3005240200	322,770	1,503,200	1,825,970
Egerton University PAM/KMDP -NBK	01003-043688-00	(293,639)		(293,639)
Egerton Univ. Tegemeo TAMPA II-NIC	1000235926	2,712,694		2,712,694
		2,989,554		-
	6,005,298,012	140,959,774	9,020,400	149,980,174

Note 14 (d): Tegemeo Institute Reconciliation of Deferred Incomes and Cash Balances

PROJECT NAME	BAL. BF June 2013	OTHER INCOME	INTEREST FOREX GAIN (LOSS)	ADDITIONAL FUNDING DURING THE YEAR	TOTAL EXPENDITURE	INCOME MATCHED TO EXPENDITURE	TOTAL INCOME FOR THE YEAR	DEFERRED INCOME (FUND BALANCES)	RESERVE CD	STAFF IMPRES- T DEFERRED EXPENSES	CASH BOOK BALANCES	PROJECT CASH BALANCES	INTEREST INCOME	FOREX GAIN (LOSS)	CASHBOOK BALANCE (KES)	CASHBOOK BALANCE (USD)	TOTAL CASHBOOK BALANCES
TAPRA I	-	11,811,059	-	-	9,729,217	9,729,217	9,729,217	2,081,842	-	-	2,081,842	2,081,842	70,047	-	2,151,890	-	2,151,890
TAPRA II	-	(448,756)	611,896	137,357,847	78,623,643	78,623,643	78,623,643	59,097,344	-	18,233,833	40,863,511	40,863,511	-	-	53,307,875	-	53,307,875
OVERHEAD	-	7,074,391	-	5,369,973	-	-	-	-	12,444,364	-	12,444,364	12,444,364	-	-	-	-	-
MILE	-	-	-	57,179,791	3,101,816	3,101,816	3,101,816	54,077,975	-	-	54,077,975	54,077,975	311,129	-	54,389,104	-	54,389,104
FORD	8,972,086	-	-	-	9,595,695	9,595,695	9,595,695	(623,609)	-	-	(623,609)	(623,609)	-	-	-	-	-
ROCKEFELLER	14,363,365	-	-	-	2,743,723	2,743,723	2,743,723	11,619,642	-	-	11,619,642	11,619,642	2,169,760	462,855	22,156,300	7,517,200	29,673,500
RCT	79,076	-	-	28,152,003	12,186,149	12,186,149	12,186,149	16,044,932	-	-	16,044,932	16,044,932	-	-	-	-	-
FAC	-	-	-	2,725,716	400,724	400,724	400,724	2,324,992	-	-	2,324,992	2,324,992	-	-	-	-	-
GLCI	5,563,517	-	-	-	3,260,289	3,260,289	3,260,289	2,303,228	-	-	2,303,228	2,303,228	39,192	420,657	6,212,699	-	6,212,699
WORLD BANK/KAPAP	972,125	-	-	464,550	312,075	312,075	312,075	1,124,630	-	-	1,124,630	1,124,630	-	-	-	-	-
GRIPS	1,267,098	-	-	-	1,267,098	1,267,098	1,267,098	-	-	-	-	-	-	-	-	-	-
EGERTON	-	622,562	-	-	583,795	-	622,562	-	38,767	-	38,767	38,767	-	-	-	-	-
GISAMA	5,378,354	-	-	-	2,627,425	2,627,425	2,627,425	2,750,929	-	-	2,750,929	2,750,929	-	(173,676)	322,770	1,503,200	1,825,970
R&NAPRI	-	-	-	620,563	1,410,613	1,410,613	1,410,613	(790,050)	-	-	(790,050)	(790,050)	-	-	-	-	-
PAM/KNDP ACCOUNT	505,643	-	-	-	799,281	-	-	-	(293,639)	-	(293,639)	(293,639)	-	-	(293,639)	-	(293,639)
TAMPA II ACCOUNT	-	4,296,445	813,229	1,546,333	3,943,315	-	6,656,008	-	2,712,694	-	2,712,694	2,712,694	-	-	2,712,694	-	2,712,694
INTEREST FOREX GAIN (LOSS)	2,989,554	-	1,123,638	-	813,229	-	1,123,638	-	3,299,964	-	3,299,964	3,299,964	-	-	-	-	-
TOTAL	40,090,819	23,355,702	2,548,763	233,616,808	131,398,085	125,258,467	146,105,039	150,011,856	18,202,151	18,233,833	149,980,174	149,980,174	2,590,128	709,836	140,959,774	9,020,400	149,980,174

Note 25:- Egerton University Investment Company (EUICO) Financial Reports

Note:- 25 (a) EUICO STATEMENT OF FINANCIAL POSITION

Note	30-Jun-14 Kshs.	30-Jun-13 Kshs.
ASSETS		
Non Current Assets		
Property, Plant & Equipment	48,808,526	26,113,485
	48,808,526	26,113,485
Biological Assets	120,239,650	79,177,720
Investments	120,239,650	79,177,720
	169,048,176	105,291,205
Current Assets		
Inventories	69,912,286.44	11,871,809
Accounts Receivables	54,355,359	37,095,994
Cash in bank and at Hand	7,921,728	11,515,689
	132,189,374	60,483,492
Current Liabilities		
Trade and Other Payables	26,025,842	12,318,416
	26,025,842	12,318,416
Net Current Assets	106,163,533	48,165,076
Total Assets	275,211,709	153,456,280
FUNDS AND LIABILITIES		
Long-Term Liabilities		
Loan from University	134,800,000	70,800,000
	134,800,000	70,800,000
Capital and Reserves		
General fund	82,656,280	105,432,708
Accumulated Surplus(Deficit)	57,755,428	(22,776,428)
Total Capital and Liabilities	140,411,709	82,656,280
Total Capital and Liabilities	275,211,709	153,456,280

Note:- 25 (b) EUICO STATEMENT OF FINANCIAL PERFORMANCE

Particulars	Total 30-Jun-14 Kshs.	Total 30-Jun-13 Kshs.
<u>Income</u>		
Accommodation Income	31,786,310	17,545,114
Sale of beverage	5,541,440	753,344
Sale of farm produce	35,941,400	128,959
Sale of Meals	62,860,494	14,691,276
Sale of Livestock & Products	5,400,605	5,213,080
Sale of Pastures	-	737,950
Other Incomes	6,000	28,486,822
Poultry sales	12,334,387	
horticulture	1,083,731	
Gate collections & Hire of Grounds	3,563,770	
Gain on Biological Assets	78,714,500	
Total Revenue	237,232,635	67,556,546
<u>Expenditure</u>		
Staff Costs	51,234,850	26,521,553
Farm Expenses	30,288,569	25,754,254
Administrative and Central Services	4,221,656	13,096,657
Repairs and Maintenance Expenses	21,449,560	7,270,888
Hotel Expenses	41,113,004	14,702,679
Depreciation Expenses	6,427,973	2,986,943
Motor Expenses	14,884,143	
Advertisement & Promotion	729,541	
Heat, Light, Power & Water	4,566,753	
Printing & Stationery	1,263,276	
Telecommunication & Postage	598,848	
Bank Charges	264,092	
Travel & Subsistence	2,434,941	
Total Expenditure	179,477,207	90,332,974
Net Surplus/(Deficit)	57,755,428	(22,776,428)
<u>Attributable to:</u>		
Owners of the controlling entity	57,755,428	(22,776,428)

Note 25(c) :- EUICO - Property, Plant & Equipment

Particulars	Buildings	Dairy Equipments/ Plant./Tractors	Other Equipments	Motor Vehicles	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost or Valuation					
As at 01/07/2012	12,088,215	11,245,323	1,718,290	4,048,600	29,100,428
Additions During the year-EUICO	12,088,215	11,245,323	1,718,290	4,048,600	29,100,428
As at 01/07/2013	5,914,000	18,973,394	4,235,621		29,123,015
Additions					
Disposal During the year					
As at 30/06/2014	18,002,215	30,218,717	5,953,911	4,048,600	58,223,443
Depreciation					
As at 01/07/2012	-	-	-	-	-
Charge for the year-EUICO	288,981	1,480,716	205,096	1,012,150	2,986,943
As at 01/07/2013	288,981	1,480,716	205,096	1,012,150	2,986,943
Charge for the year	206,745	4,328,493	1,133,622	759,113	6,427,973
Acc Depr on Disposals					
Cumm Dep Net of Disposals	495,727	5,809,209	1,338,718	1,771,263	9,414,917
NBV-30 June 2014	17,506,488	24,409,508	4,615,193	2,277,338	48,808,526
NBV-30 June 2013	11,799,234	9,764,607	1,513,194	3,036,450	26,113,485

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	No titles to some Land Parcels	The process of acquiring these ownership documents for all the University lands is at advanced stage.	Legal Officer	Not resolved	By end of FY 2014/2015
2	Stalled Projects	The University has consistently prioritized completion of these stalled projects over the years and has succeeded in completing a number of them e.g. FASS, Faculty of Education Complexes.	DVC(A&F)	Not resolved	By end of FY 2015/2016
3	Outstanding staff imprests	The University adheres fully to the government regulations regarding issue and surrender of temporary imprests however the nature of some imprests such as for research activities makes them outstanding for a long period of time.	F&AC	Unresolved	By end of FY 2014/2015