

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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ON

**THE FINANCIAL STATEMENTS OF
LAIKIPIA UNIVERSITY**

**FOR THE YEAR ENDED
30 JUNE 2018**



11

LAIKIPIA UNIVERSITY



Annual Report & Financial Statements for the Year Ended 30th June, 2018

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

OFFICE OF THE COMPTROLLER GENERAL
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Laikipia University is ISO 9001:2008 Certified



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VISION AND MISSION

Our Corporate Vision

A University for valued transformation of society

Our Corporate Mission

To serve the students and society through research, education scholarship, training, outreach and consultancy

Our Core values

The key values that underpin what Laikipia University does are:

- ❖ Quality
- ❖ Integrity
- ❖ Respect

KEY ENTITY INFORMATION

a) Background Information

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February 2013.

b) Principal Activities

The principal activity of the University as stipulated in the Laikipia University Charter of 19th February 2013. Part II Sec 7(1) of the Charter is to provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills.

c) Entity Headquarters

Laikipia University
P. O. Box 1100
Nyahururu
Along Nyahururu -Nakuru Road

d) Entity Contacts

TEL: +254-(0) 20 2696596;
Cell: +254 713-552761/ (0)736-299961
www.laikipia.ac.ke

e) Laikipia University Bankers

- | | | |
|---|---|---|
| (i) Kenya Commercial Bank
Nyahururu Branch
P. O. Box 64-20300
NYAHURURU | (ii) Kenya Commercial Bank
Nakuru Branch
P.O. Box 18-20100
NAKURU | (iii) Equity Bank
Nyahururu Branch
P.O. Box 1048-20300
NYAHURURU |
| (iv) Co-operative Bank of Kenya
Nyahururu Branch
P. O. Box 307-20300
NYAHURURU | (v) Co-operative Bank of Kenya
Nakuru Branch
P. O. Box 2982-20100
NAKURU | |

f) Independent Auditors

Office of the Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box30084-00100
NAIROBI







g) Principal Legal Adviser





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

h) LOCATION

Laikipia University is located 11KMs from Nyahururu along the Nyahururu-Nakuru Road.

MEMBERS OF THE UNIVERSITY COUNCIL





S/No	Name & Photo	Date of Birth	Date of Appointment	Qualifications	Experience
1.	 Dr. Ken Nyaundi (Chairman)	3/1/1967	10/03/2017	<ul style="list-style-type: none"> ❖ PhD - University of Cape Town (SA) ❖ LLM - University of Cape Town (SA) ❖ LLB - UoN 	<ul style="list-style-type: none"> ➤ Advocate, Marende and Nyaundi Associate
2.	 Ms. Ruth Adhiambo Okowa (Member)	4/2/1971	10/03/2017	<ul style="list-style-type: none"> ❖ BA (Demography) - UoN ❖ MA (Demography) - UoN 	<ul style="list-style-type: none"> ➤ Demograhger ➤ CEO – Living Water International
3.	 Mr. Moses Siruri Marwa (Member)	15/2/1984	10/03/2017	<ul style="list-style-type: none"> ❖ MSc -HRM, JKUAT ❖ BSc (Agricultural Education and Extension) UoN 	<ul style="list-style-type: none"> ❖ Corporate Relationship Manager- Manufacturing Sector KCB ❖ Corporate Banker (Managerial Level), KCB Corporate Division ❖ Lecturer and Marketer (Skynet Business College Nairobi)
4.	 Ms. Susan Amlango Aletia (Member)	19/8/1974	10/03/2017	<ul style="list-style-type: none"> ❖ Masters of Public Health (Disaster Management and Preparedness) Moi University. ❖ Bachelor of Education Science, Moi University. ❖ Diploma in Agricultural Education and Extension, Egerton University. 	<ul style="list-style-type: none"> ➤ UN Women, Gender Advisor to Turkana County Government ➤ Monitoring Specialist, Consultant, DFID; Hunger Safety Net Project ➤ Project Officer DFID; Hunger Safety Net Project ➤ Emergency Project Officer – UNICEF Kenya
5.	 CPA David Namu Kariuki (Member)	15/8/1966	10/03/2017	<ul style="list-style-type: none"> ❖ MBA(Strategic Mgt) -, UoN ❖ Bachelor of Commerce, UoN ❖ CPA(K) ❖ CPS(K) 	<ul style="list-style-type: none"> ❖ Finance and Admin Director, Assured Management Solutions Ltd Financial ❖ Controller, Agro-Chemicals and Food Company Ltd ❖ Nairobi Safari Club and Sarova Hotels
6.	 Ms. Pauline Ngari (Member)	4/6/1962	10/03/2017	<ul style="list-style-type: none"> ❖ MBA (Entrepreneurship), JKUAT ❖ BCOM (Marketing), Egerton 	<ul style="list-style-type: none"> ➤ Community Development Specialist ➤ CEO – Hand in Hand Eastern Africa




7.	 <p>CPA Moses M. Gakuru (Rep. PS National Treasury)</p>	4/1/1959	14/10/2015	<ul style="list-style-type: none"> ❖ MBA (KeMU) ❖ BBA (KeMU) ❖ CPA(K) ❖ Dip. in Project Management (KIM) 	<ul style="list-style-type: none"> ➤ Assistant Director Accounting Services - National Treasury ➤ Chief Accountant - National Treasury ➤ Head of Accounting (Baringo County Government) ➤ Programme Financial Expert, CKDAP/IFAD PROJECT
8.	 <p>Mr. Milton Njuki (Rep. PS Ministry of Education)</p>	4/1/1973	27/02/2013 to 04.06.2018	<ul style="list-style-type: none"> ❖ MBA Strategic Mgt ❖ Bed. Economics and Geography 	<ul style="list-style-type: none"> ➤ Ag.CEO, Universities Funding Board ➤ Assistant Director -University Education(Ministry of Education) ➤ Senior Lecturer, Kenya Institute of Surveying & Mapping ➤ Senior Graduate Teaching (TSC)
9.	 <p>Ms. Mary W. Gaturu (Rep. PS Ministry of Education)</p>	20/11/1963	04.06.2018	<ul style="list-style-type: none"> ❖ Pursuing PhD. –Kenyatta University ❖ Med. (Kenyatta University) ❖ Bed. – (Kenyatta University) ❖ Strategic Leadership - KSG 	<ul style="list-style-type: none"> ➤ Deputy Director of Education – Ministry of Education ➤ Regional Co-ordinator of Education – Rift Valley ➤ Senior Graduate Teacher - TSC
10.	 <p>Prof. Kibett Rotich, PhD (VC/Council Secretary)</p>	1958	12.06.2018	<ul style="list-style-type: none"> ❖ Pursuing MBA at JKUAT ❖ Post Doctorate in Medical Informatics, (Indiana University-USA) ❖ Ph.D. in Mathematics, Shanghai University of Science and Technology ❖ Msc. Statistics. (University of Southampton – UK) ❖ BSc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ❖ Vice-Chancellor, Laikipia University ❖ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ❖ Deputy Principal (Academic & Student Affairs) at Rongo University College ❖ Acting Principal Garissa University College ❖ Acting Principal at Kabianga Campus ❖ Dean, School of Public Health at Moi University ❖ Professor of Biostatistics at Moi University ❖ Associate Professor at Moi University ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)

University Council Committees

Name of Committee	Committee Members
Finance, Investment & General Purposes	<ol style="list-style-type: none">1. Ms. Ruth Adhiambo Okowa2. Mr. Moses Siruri Marwa3. Ms. Susan Aletia4. Ms. Mary W. Gaturu5. Prof. kibett Rotich, PhD. (Vice Chancellor/Council Secretary)
Audit, Governance & Risk Management	<ol style="list-style-type: none">1. Mr. David Namu Kariuki2. Ms. Pauline Ngari3. Mr. Moses M. Gakuru
Human Resource Management	<ol style="list-style-type: none">1. Ms. Ruth Adhiambo Okowa2. Mr. Moses Siruri Marwa3. Ms. Susan Aletia4. Mr. David Namu Kariuki5. Ms. Pauline Ngari6. Mr. Moses M. Gakuru7. Ms. Mary W. Gaturu8. Prof. Kibett Rotich, PhD. (Vice Chancellor/Council Secretary)
Academic & Research	<ol style="list-style-type: none">1. Ms. Ruth Adhiambo Okowa2. Mr. Moses Siruri Marwa3. Ms. Susan Aletia4. Mr. David Namu Kariuki5. Ms. Pauline Ngari6. Mr. Moses M. Gakuru7. Ms. Mary W. Gaturu8. Prof. Kibett Rotich, PhD. (Vice Chancellor/Council Secretary)

UNIVERSITY MANAGEMENT BOARD

S/No	Name	Date of Birth	Date of Appointment	Qualifications	Experience
1.	 Prof. Francis K. Lelo (Former Vice-Chancellor)	12/4/1952	20.05.2013 to 12.06.2018	<ul style="list-style-type: none"> ❖ Ph. D. (Clark University- USA) ❖ MES (York university) ❖ Bed (UoN) 	<ul style="list-style-type: none"> ➤ Vice-Chancellor Laikipia University ➤ Principal Laikipia University College ➤ Principal Laikipia Campus ➤ Ag. Principal, Kisii University College ➤ Dean – Environment & Resources Dev. (Egerton) ➤ CoD – Environmental science (Egerton) ➤ Coordinator, Participatory Rural Appraisal (PRA) ➤ Consultant, UNDP/FAO
2.	 Prof. Kibett Rotich, PhD (VC/Council Secretary)	1958	12.06.2018	<ul style="list-style-type: none"> ❖ Pursuing MBA at JKUAT ❖ Post Doctorate in Medical Informatics, (Indiana University-USA) ❖ Ph.D. in Mathematics, Shanghai University of Science and Technology ❖ Msc. Statistics. (University of Southampton – UK) ❖ BSc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ❖ Vice-Chancellor, Laikipia University ❖ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ❖ Deputy Principal (Academic & Student Affairs) at Rongo University College ❖ Acting Principal Garissa University College ❖ Acting Principal at Kabianga Campus ❖ Dean, School of Public Health at Moi University ❖ Professor of Biostatistics at Moi University ❖ Associate Professor at Moi University ❖ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)
3.	 Prof. L. Wanjiku Chiuri, PhD Deputy Vice-Chancellor (Academic & Research)	1958	25.11.2015	<ul style="list-style-type: none"> ❖ PhD. (University of Waterloo, Canada) ❖ MES, (York University – Canada) ❖ BA – Sociology (UoN) 	<ul style="list-style-type: none"> ➤ Associate Professor (Egerton) ➤ Dean-Faculty of Education (Egerton – Laikipia Campus College) ➤ CoD – Curriculum & Instruction Department (Egerton – Laikipia Campus College) ➤ Lecturer– Curriculum & Instruction Department (Egerton – Laikipia Campus College) ➤ Lecturer Development Studies (Kenyatta University)
4.	 Deputy Vice-Chancellor (Administration, Finance & Development)	1958	25.11.2015 to 21.03.2018	<ul style="list-style-type: none"> ❖ PhD. (University of Waterloo, Canada) ❖ MES, (York University – Canada) ❖ BA – Sociology (UoN) 	<ul style="list-style-type: none"> ➤ Associate Professor (Egerton) ➤ Dean-Faculty of Education (Egerton – Laikipia Campus College) ➤ CoD – Curriculum & Instruction Department (Egerton – Laikipia Campus College) ➤ Lecturer– Curriculum & Instruction Department (Egerton – Laikipia Campus College) ➤ Lecturer Development Studies (Kenyatta University)

5.	 Dr. Raphael Kiugu Registrar (Academics Affairs)	1962	16/05/2011	<ul style="list-style-type: none"> ❖ PhD. (State Univ. -New York) ❖ MSc. Educ. Administration & Policy (Univ. of New York) ❖ Med. Econ & Planning (Kenyatta University) ❖ Bed. (Kenyatta University) 	<ul style="list-style-type: none"> ➤ Registrar AA (African Nazarene Univ.) ➤ Lecturer, (UoN) ➤ Assistant Lecturer (Egerton)
6.	 Mr. Joseph K. Kairu Registrar (Administration)	1960	16/05/2011	<ul style="list-style-type: none"> ❖ MBA (Egerton) ❖ BA (UoN) 	<ul style="list-style-type: none"> ➤ Deputy Registrar Admin. (Egerton) ➤ Human Resource Officer (Civil Service)
7.	 CPA Sophia W. Muchiri Finance Officer	1973	16/05/2011	<ul style="list-style-type: none"> ❖ CPA(K) ❖ MBA (Kenya Methodist University) ❖ BBA (Kenya Methodist University) 	<ul style="list-style-type: none"> ➤ Ag. Finance Officer (Kimathi University College) ➤ Ag. Deputy Finance Officer (Kimathi University College) ➤ Senior Accountant (JKUAT)

NB -

1. Prof. Francis K. Lelo, former Vice-Chancellor exited on 12th June, 2018 after expiry of his term.
2. Prof. Isaac Kosgey, former DVC-AFD exited on 21st March, 2018 after appointment as Moi University Vice-chancellor.
3. The post of Deputy Vice-Chancellor (Administration, Finance & Development) is currently vacant.

CORE BUSINESS OF LAIKIPIA UNIVERSITY

The main objectives of the University are stipulated in the Laikipia University Charter of 19th February 2013. Part II Sec 7(1) of the Charter provides the functions and objectives of the University which are;

- a) To provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills;
- b) Participate in scholarly work, discovery, transmission, utilization, preservation and enhancement of knowledge with a view to stimulating intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) Establish centers of excellence, colleges, schools, faculties, institutes, departments, and other resource and administrative units as may be appropriate;
- d) Facilitate student and staff mobility between programmes of study at local, regional, and international universities and institutions;
- e) Participate in commercial ventures and activities that promote the objectives of the institutions;
- f) Foster the general welfare of staff and students;
- g) Develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions;
- h) Promote equity and social justice;
- i) Offer continuing professional development opportunities;
- j) Conduct examinations for and to grant and confer such academic awards as may be provided for in the Act and the Statutes;
- k) Establish a High Altitude International Sports Training Centre for training, teaching, research, and recreation;
- l) Contribute to sustainable development of Arid, and Semi-Arid Lands resources of Kenya;
- m) Engage in action research, extension and outreach; and
- n) Establish an Information, Communication and Technology hub in teaching, research, training, outreach and consultancy in the region and globally.

STATEMENT FROM THE CHAIRMAN OF COUNCIL

I feel honored to present to our stakeholders the Annual Report and Financial Statements of Laikipia University for the financial year ended 30th June, 2018. This annual report helps us to reflect on our performance for the year giving us an opportunity to celebrate our success and at the same time identify areas of improvement.

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. The University will continue to reposition its main brands within the context of market requirements, customer satisfaction and cost rationalization. The need to meet this objective over years has remained the central focus of the University Council. Our current management focuses on expansion of the University while maintaining quality in line with our vision. In line with the GOK policy, the University has increased access to higher education through additional admission of students. This in effect has led to increase in operation costs and need for more physical facilities.

Future Outlook

Going forward, we will continue our growth strategy by expanding our business to transform the society. We will continue to support our satellite campuses to increase students' enrollment. In this regard, the University will continue to expand its facilities to accommodate more students.

Conclusion

The University Council will continue working closely with University Management Board especially in the next strategic planning cycle. The University is currently working on its five years strategic plan for 2018/19 -2022/2023 that we believe will take Laikipia University to the next level of academic excellence and continue playing a significant role in serving society.


Dr. Ken Nyaundi, Ph.D

CHAIRMAN - UNIVERSITY COUNCIL

STATEMENT FROM THE VICE CHANCELLOR

It is a great honor to note the continued delivery of record financial results by the University. Certainly, the annual report and financial statement for the year ended 30th June, 2018 are an indication of a successful year. I am indeed delighted to be part of the team that delivered such impressive results.

Over the years, the University has transformed itself towards transforming the society, in-line with its vision “A University for Valued Transformation of Society”. We have continued to aim higher towards greater competitiveness and efficiency in University operations. The University is keen on positioning itself as a competitive regional hub and remains committed to operational excellence and quality services to students and society that exceed expectations.

The 2017/2018 Annual Report captures the events of the year including physical infrastructure development and finances. The Report reflects the commitment and determination of the University to achieve world class excellence, despite the hurdles occasioned by economic down turn and its impact on recurrent funding from the Exchequer.

The University continued to offer education and training to meet the needs and aspirations of the Kenyan people, as evident in the highlights of academic programmes undertaken in the Schools and units of the University. Our programmes remain critical in the wake of global economic crisis that threatens the socio-economic growth of any developing nation.

Further, as part of world trends and practices, the Report carries detailed information on the University’s financial performance during the year, providing a summary of the state of health of the University as a corporate entity. The Report notes that while there was prudent management of the human, material and financial resources; the loyalty and commitment of staff was critical in enabling the University to discharge its mandate.

Financial Resources

As a public University, Laikipia University relies heavily on the government funding in order to run its operations. Although funding from the government has steadily increased over the years, it is not commensurate with the increasing number of enrolled government sponsored students and the needs of the University. This deficit in funding is particularly pronounced in respect of Capital Funding from the National Government which has been on the downward trend. With a view to supplementing

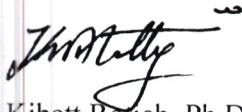
the capitation it receives from the government, the University is in the process of initiating a resource mobilization strategy to address the shortfall.

Strategic Plan

As a public institution, Laikipia University (LU) is strategically positioned to contribute to the achievement of national goals. The University is currently working on its five years strategic plan for 2018/19 -2022/2023.

Appreciation

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government through the Ministry of Education for its financial support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. I also take this opportunity to thank the University Management Board for their support as well as the dedicated and talented staff and students for their efforts in making sure that the University achieves its goals and objectives. Lastly, I appreciate our service providers, suppliers, the national & regional Governments and all other stakeholders for their respective contributions to the University during the year. I look forward to continued support as we strive to transform Laikipia University to be a market leader in higher education through transformation of our society.



Prof. Kibett Rotich, Ph.D
Professor of Biostatistics and Informatics
VICE- CHANCELLOR

CORPORATE GOVERNANCE AND ETHICS

The following information describes the governance and legal structure of the University. These governance arrangements are for the most part set out in the University Statutes and Regulations

University Council

The University Council is responsible for the governance of the University and is accountable to the citizens of this country for ensuring that the University complies with the Law and maintains the highest standard of corporate governance, academic standards and ethics. Accordingly the council attaches great importance to the generally accepted corporate governance practices and the need to conduct the activities and operations of the University with integrity, quality and respect.

The University Council defines the University strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over financial, strategic, operations and compliance issues.

Council Meetings

The Council holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so.

Committees of the Council

The Council is advised by a range of committees. The Council has set up four principal committees and one adhoc committee which meet under well-defined terms of references as set up in Laikipia University Statutes. This is intended to facilitate efficient decision making of the Council. The committees are; Finance Investment & General Purposes, Audit, Governance and Risk Management, Human Resource Management, Academic Research and Sealing, Staff Appointment's and Appeals and Grievances Handling which is an adhoc committee.

Audit, Governance and Risk Management Committee

The committee assists the University Council to fulfil its corporate governance responsibilities and in particular to:

- ❖ Review financial statements before submission to the University Council focusing on changes of accounting policies, compliance with the International Public Sector Accounting Standards and legal requirements and the going concern assumption.
- ❖ Strengthen the effectiveness of the internal audit function.
- ❖ Maintain oversight on internal control systems
- ❖ Review and make recommendations regarding the University's budgets, financial plans and risk management.

Finance, Investment and General Purposes Committee of Council

Laikipia University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for all transactions and ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the University Council takes into account the results of work carried out to audit and review the University activities. The University Council also considers the management accounts for each quarter, reports from each council committee, annual budgetary proposals, major issues and strategic opportunities for the University.

Human Resource Management Committee

The Committee reviews and recommends on issues relating to training needs, staff recruitments, promotions, discipline, and staff welfare.

Academic and Research Committee

The Committee reviews and recommends on issues relating to academic and research. The committee provides direction on scholarly work; establish centres of excellence, schools, faculties, institutes and departments as may be appropriate.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Laikipia University's Corporate social responsibility is based on the fact that, as part of the Kenyan society, we have responsibilities that go beyond our legal obligations for the benefit of the society at large. Our corporate social responsibility (CSR) entails community engagement, supporting community activities, responding to emerging challenges, donating to charities, helping the needy and application of ethical conduct and participating in matters of topical national interest in Kenya. Our CSR involves building relationships and partnerships and working together with organizations that we believe advance the wellbeing of Kenyans.

During the year under review, the University participated in the following CSR activities;

a) Supporting the less fortunate in society

Laikipia University endeavors to support the less fortunate students in the University. The University awarded Kes. 700,000 as bursaries to the needy students during the year.

The University also assists needy students with financial support under the work study programme.

During the year under review, the University paid Kes. 243,300 to assist the needy students under this programme.

b) Environmental Conservation

The University held an environmental week in during the year where staff and students participated in tree planting exercise.

c) Free Health Clinic

The University organizes a health week annually offering free medical check-ups to staff, students and the Community.

REPORT OF THE COUNCIL

The University Council submits this report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Laikipia University's affairs.

a. Principal activities

The principal activities of Laikipia University is teaching, training, research and outreach

b. Results for the Year

The results of Laikipia University for the year ended June 30, 2018 are set out on pages 25-29.

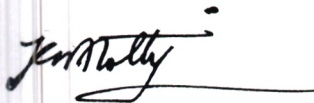
c. Directors

The members of the University Council who served during the year are shown on page 4-5.

d. Auditors

The Auditor General is responsible for the statutory audit of Laikipia University in accordance with the Section 15(2) of the Public Audit Act, 2003.

By Order of the Council



Vice-Chancellor

Laikipia University

Date: 28/09/2018

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 25 to 29 which comprise the statement of financial position for the year ended 30th June, 2018, statement of financial performance, statement of cash flow, statement of changes in reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Council members responsibility includes: determining that the basis of accounting described in note 1, is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

The University Council accepts the responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2018 and of its operating results.

The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Controls.

The Council has made an assessment of the University's ability to continue as a going concern and nothing has come to their attention 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 financial statements, as indicated above were approved by the University Council and were signed on its behalf by;


Dr. Ken Nyandu, Ph.D

CHAIRMAN OF COUNCIL


Prof. Kibett Rotich, Ph.D

VICE- CHANCELLOR

FIVE YEAR SUMMARY OF KEY STATISTICS

Statement of Financial Performance

REVENUE	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Kes.	Kes.	Kes.	Kes.	Kes.
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	792,297,868	724,205,154	547,335,522	516,328,950	524,669,878
Grants & Donations	0	0	16,500	1,241,500	15,000
	792,297,868	724,205,154	547,352,022	517,570,450	524,684,878
Revenue from Exchange Transactions					
Students' Fees	343,616,111	459,342,103	457,695,249	358,499,837	331,267,937
Other Incomes	7,972,506	43,482,212	62,058,596	6,186,754	23,386,896
	351,588,617	502,824,314	519,753,845	364,686,591	354,654,832
Total Revenue	1,143,886,485	1,227,029,468	1,067,105,866	882,257,041	879,339,710
EXPENDITURE					
Staff Costs	869,181,221	958,164,937	766,420,213	642,791,575	680,950,902
Administrative Expenses	75,998,053	91,583,780	118,466,546	114,618,367	112,102,740
Academic & Research Expenses	130,832,404	157,936,812	174,830,510	178,518,422	108,379,350
Students Welfare	9,438,105	16,147,456	12,286,294	15,369,989	12,670,828
Council Expenses	11,221,762	9,104,372	8,979,747	9,384,096	7,743,016
Finance Charge	1,092,097	1,862,004	1,862,025	1,862,004	1,862,237
Depreciation	14,732,170	22,441,969	24,467,732	25,430,323	27,640,889
Provision for Bad Debts	2,294,816	1,311,091	6,693,066	14,653,995	0
Total	1,114,790,629	1,258,552,421	1,114,006,132	1,002,628,770	951,349,962
Operating Surplus/(Deficit)	29,095,856	(31,522,953)	(46,900,265)	(120,371,729)	(72,010,251)
Other Service Units					
Farm Profit/(Loss)	(1,746,187)	3,156,595	250,186	143,002	2,010,631
Catering Profit/(Loss)	115,844	(1,931,741)	(2,271,855)	16,552	(903,155)
Bookshop/Medical Profit/(Loss)	459,728	(36,477)	(191,196)	540,885	(133,098)
Total Other Service Units	(1,170,615)	1,188,376	(2,212,864)	700,438	974,378
Total Surplus/(Deficit)	27,925,241	(30,334,576)	(49,113,129)	(119,671,291)	(71,035,873)

Statement of Financial Position

DETAILS	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
ASSETS	Kes.	Kes.	Kes.	Kes.	Kes.
Current Assets					
Cash & Cash Equivalents	85,046,132	93,932,304	14,324,339	19,564,380	13,555,377
Receivables from Exchange Transactions	224,576,709	203,923,361	192,123,544	131,885,953	157,120,697
Receivables from Non-exchange Transactions	0	150,167,541	0	43,027,413	36,110,798
Inventories	13,757,091	16,352,048	19,764,559	15,272,741	17,838,051
Total Current Assets	323,379,932	464,375,254	226,212,443	209,750,487	224,624,923
Non- Current Assets					
Property, Plant and Equipment	1,420,175,978	1,379,163,790	1,229,081,772	1,184,779,229	1,077,296,435
Library Books	93,538	228,916	798,972	1,808,254	2,849,826
Intangible Assets (ERP Software)	10,163,220	9,413,220	9,329,220	9,329,220	9,329,220
Biological Assets	6,031,100	4,847,000	6,043,500	6,954,000	7,996,500
Total Non- Current Assets	1,436,463,836	1,393,652,926	1,245,253,464	1,202,870,703	1,097,471,980
Total Assets	1,759,843,767	1,858,028,179	1,471,465,907	1,412,621,190	1,322,096,904
LIABILITIES					
Current Liabilities					
Bank Overdraft	811,959	8,206,260	14,482,987	56,383,338	49,451,811
Accounts Payables	456,447,284	574,029,304	364,884,160	311,672,315	292,774,924
Total Current Liabilities	457,259,243	582,235,564	379,367,147	368,055,653	342,226,736
Non-Current Liabilities					
Long Term Liabilities	0	2,533,332	6,333,328	10,133,332	13,933,332
Total Non- Current Liabilities	0	2,533,332	6,333,328	10,133,332	13,933,332
Total Liabilities	457,259,243	584,768,896	385,700,475	378,188,985	356,160,068
NET ASSETS	<u>1,302,584,524</u>	<u>1,273,259,283</u>	<u>1,085,765,432</u>	<u>1,034,432,205</u>	<u>965,936,836</u>
Financed By:					
Capital Reserve	1,526,612,088	1,525,212,088	1,307,383,660	1,206,937,304	1,018,770,644
Revenue Reserves (Surplus/(Deficit))	(224,027,563)	(251,952,804)	(221,618,228)	(172,505,099)	(52,833,808)
Revaluation Reserve	0	0	0	0	0
Total	<u>1,302,584,524</u>	<u>1,273,259,283</u>	<u>1,085,765,432</u>	<u>1,034,432,205</u>	<u>965,936,836</u>

OPERATING & FINANCIAL REVIEW

Laikipia University is an independent and self-governing institution, consisting of the Main Campus and two satellite (Nyahururu and Maralal) campuses. The University Council is responsible for the academic policy and strategic direction of the University.

Operational Performance

Students Statistics

During the year under review (2017/18), the University admitted 1,437 new students in August/September, 2017 in various schools, this was a decrease of 590 students from the 2016/17 admissions of 2,027 students enrollment. The 2017/2018 enrollment included 1,432 bachelors' students, of which 1,359 were government sponsored and 73 were self-sponsored. A summary statistics on the students' enrollment for the two years is as follows;

Students' Enrollment Description	2016/2017			2017/2018		
	GSSP	PSSP	Total	GSSP	PSSP	Total
Bachelors' Students	1678	305	1983	1359	73	1432
Masters' Students		30	30		2	2
Doctorate/PhD' Students		14	14		3	3
Total	1678	349	2027	1359	78	1437

The University also graduated 1,943 students in various schools and faculties as analyzed below;

Doctorate	-	5
Masters	-	13
Bachelors	-	1,633
Postgraduate Diploma	-	9
Diploma	-	<u>283</u>
Total		<u>1,943</u>

Personnel

Staffs are the major resource of the University, representing 78% of expenditure. For the financial year, the University had 562 staffs comprising of 98 teaching staffs and 464 non-teaching staffs.

Financial Performance

The University has a responsibility to ensure a valued transformation of society through research, education scholarship, training, outreach and consultancy. The University's ongoing sustainability is dependent upon the generation of a sufficient surplus to invest in the maintenance, renewal and replacement of the infrastructure to support academic endeavor, such as libraries, tuition rooms, laboratories, ICT infrastructure and research equipment. It is also dependent upon the University's ability to fulfill its ambitious strategies concerning the recruitment, reward and development of staff,

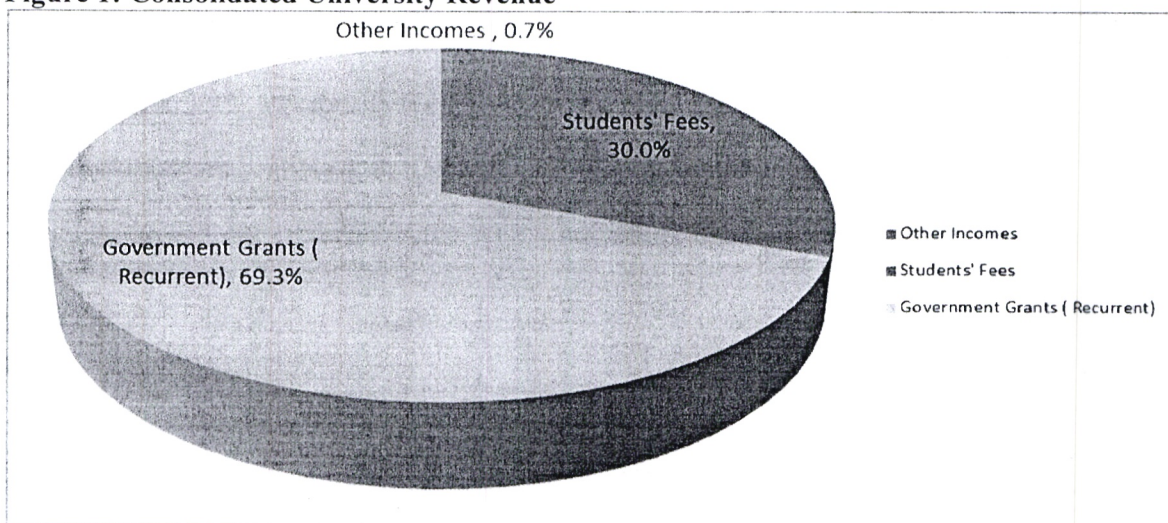
the dissimulation of knowledge, and the development of new ways of working and studying for staff and students. However the University's financial base continues to be weak as evidenced by the following financial highlights.

Income

The University realized Total Revenues amounting to Kes. 1,143,886,485 during the financial year ended 30th June, 2018, compared to Kes. 1,227,029,468 during the financial year ended 30th June, 2017. This means our Total Revenue decreased by 7.3 percent compared to last financial year.

In the 2017/2018 financial year, the total revenue of Kes. 1,143,886,485 was composed of government grants at Kes. 792.3 million, students' fees at Kes. 343.6 million and other incomes at Kes. 7.97 million. The Government of Kenya through the Ministry of Education continued to be the main source of funds which is currently at 69.3% of the total revenue.

Figure 1: Consolidated University Revenue

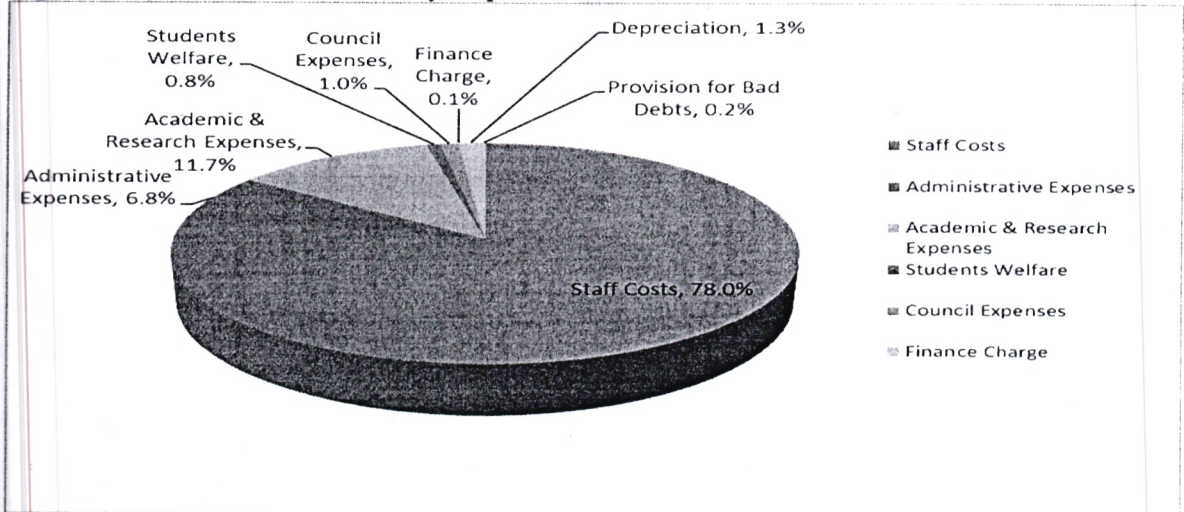


Expenditure

The University incurred a total expenditure of Kes. 1,114,790,629 at the close of the financial year. This was a decrease by 11.4% from Kes. 1,258,552,421 in 2016/2017 fiscal year. Included in total expenditure is staff costs at Kes. 869,181,221 in the current financial year compared to Kes. 958,164,937 in 2016/2017, resulting to a decrease by 9.3%. The high expenditure on staff cost in 2016/17 was due to basic salary arrears awarded by the Government through 2013/17 Collective Bargaining Agreement, all of which was recognized in the 2016/17 financial year. In 2017/2018 F.Y., staff cost had the highest expenditure at 78% of the recurrent expenditure. This was followed by academic and research expenses at 11.7% while administrative expenses took 6.8% of the total expenditure. Depreciation charge for the year was Kes. 14.7 million translating to 1.3% of the total University Expenditure. Change in provision for bad and doubtful debts increased from Kes.

1,311,091 in 2016/17 F.Y to Kes. 2,294,816 as a result of increase in receivable. The total expenditure is as highlighted in the diagram below;

Figure 2: Consolidated University Expenditure



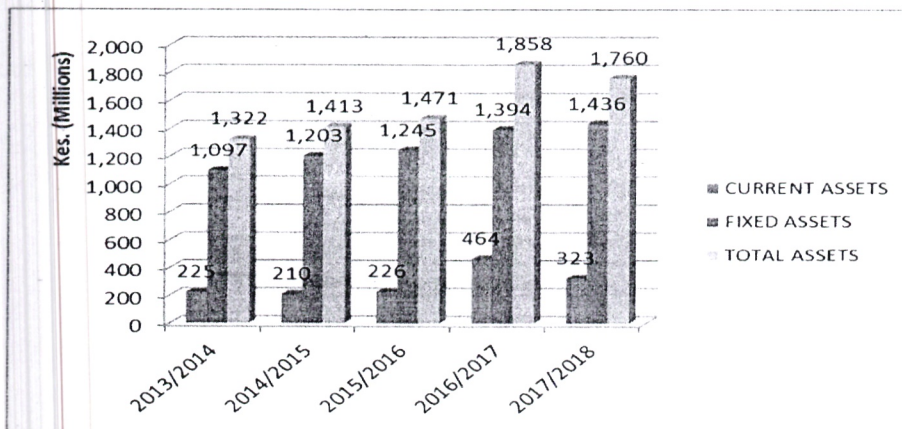
Surplus/(Deficit)

The surplus for the year retained under Revenue Reserves was Kes.27,925,241 compared to a deficit of Kes. 30,334,576 in 2016/17 fiscal year.

Total Assets

University Total Assets decreased by 6.6% from Kes. 1,858,028,179 in 2016/17, to Kes. 1,759,843,767 in 2017/2018 financial years. The decrease in total assets was as a result of decrease in receivables, which decreased from Kes. 354 million to Kes. 224.6 million due to the fact that the government capitation, which falls under receipts from non-exchange transactions, did not have any balance after the government paid in full the recurrent capitation. The previous year 2016/2017 had receivable from the government amounting to Kes. 150 million. The University assets are analyzed as below;

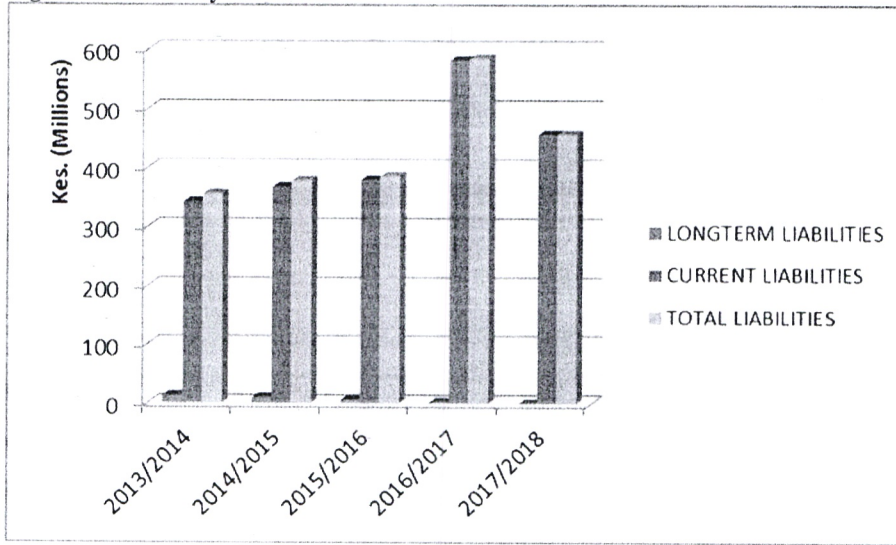
Figure 3: University Assets



Total Liabilities

On the other hand, a trend analysis on University liabilities indicates an increasing trend in all years with a slight decrease in 2017/2018 fiscal year. The University has also completed its loan from Equity Bank which was the only long-term liability. The University Liabilities as analyzed below;

Figure 4: University Liabilities



A ratio analysis indicates weak liquidity throughout the 2017/2018 fiscal year. An ideal position should have a liquidity ratio 2:1 and a quick ratio of 1:1. Due to the weak liquidity ratios, the University is not able to meet its financial obligations as they fall due. Currently, the University can only be able to meet about 68% as compared to 77% in 2016/17 fiscal year of its financial obligations as indicated by the quick ratio. This has led to high level of payables to suppliers of goods & services and part-time teaching cost.

Working capital has also increased by Kes. 13,343,030 in 2017/18 compared to an increase by Kes. 51,786,798 in 2016/17 financial year. The ratio analysis for the two financial years as shown below;

Balance Sheet Ratio Analysis

Item	2017/2018	2016/2017
Assets	Kes.	Kes.
Current Assets	323,379,932	464,375,254
Fixed Assets	1,436,463,836	1,393,652,926
Total Assets	1,759,843,767	1,858,028,179
Liabilities		
Current Liabilities	457,259,243	582,235,564
Long-term	0	2,533,332
Total Liabilities	457,259,243	584,768,896
Inventory	13,757,091	16,352,048
Liquidity Ratio (CA/CL)	0.71	0.80
Quick Ratio (CA- Inventory)/CL))	0.68	0.77
Working Capital Changes (Increase/Decrease in Working Capital)	13,343,030	51,786,798

Cash flows and Financing

The University prepares its Cash Flow Statement under Indirect Method. Our cash flows are classified into three (3) major categories as operating, investing and financing. A comparative cash flows summary is as follows;

Summary of Cash-flows	2017/2018	2016/2017
Cash flow	Kes.	Kes.
Net Operating cash-flows	56,000,441	43,894,191
Investing Activities	(56,358,980)	(165,941,425)
Financing Activities	(1,133,332)	207,931,925
Increase/(Decrease) in Cash & Cash Equivalentents	(1,491,871)	85,884,691

The increase in surplus for the year led to net cash generated from operating activities of Kes. 56,000,441 compared to a net operating cash flow of Kes. 43,894,191 in 2016/2017.

Investing activities had a net outflow of Kes. 56,358,980 compared to net outflow of Kes. 165,941,425 in the previous financial year. This comprised of investment in capital projects which increased our Work-in-Progress (Capital Projects) by Kes. 49,939,385 in 2017/18 compared to Kes. 163,355,645 in 2016/17. The University also incurred an expenditure of Kes. 6,419,596 for purchase of assets in 2017/18 compared to Kes. 2,585,780, for purchase of assets in the previous financial year. In financing cash flows, the Government through the Ministry of Education released Kes. 1,400,000 to finance capital projects in the current financial year. In 2016/17, the government had released kes. 211,731,925 for the same purpose. The University also incurred Kes. 2,533,332 for repayment of a long-term loan from Equity bank compared to Kes. 3,800,000 for the repayment of the same in 2016/2017 financial year.

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia University set out on pages 25 to 55, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in reserves, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia University as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

As previously reported, property, plant and equipment balance of Kshs.1,420,175,978 as at 30 June 2018 similarly includes an amount of Kshs.194,835,000 representing the value of eighteen parcels of land measuring a total of 947.519 acres. According to the ownership documents presented for audit verification, sixteen of these parcels of land are still registered in the name of Egerton University, while ownership documents for the two other parcels namely, land reference numbers 8808/01 and 2912/12 are under process by the authorities. Further, the University was allocated 5 acres of land by the defunct Municipal Council of Nyahururu, 100 acres by the defunct Town Council of Rumuruti and 600 acres by the defunct County Council of Samburu. However, ownership documents have not been obtained. This information, and the values have not been determined or included in the financial statements.

In the circumstances, it has not been possible to confirm the ownership, accuracy and completeness of the plant, property and equipment balance of Kshs.1,420,175,978 as at 30 June 2018.

2. Trade and Other Receivables

The statement of financial position as at 30 June 2018 reflects receivables from exchange transactions balance of Kshs.224,576,709 net of provision for bad and doubtful debts of Kshs.24,952,968, as detailed in Note 19(i) to the financial statements. As reported also previously, the provision appears inadequate since debts amounting to Kshs.71,013,134 relating to uncollected revenue from collaborating colleges have remained outstanding for a considerably long period of time. No evidence has been provided to show any commitment to pay by the defaulting colleges.

Further, included in the receivables balance is an amount of Kshs.2,251,012 relating to overpaid Pay As You Earn (PAYE) tax owing from Kenya Revenue Authority (KRA) in respect of self-sponsored programme lecturers' deductions. No documentary evidence has been provided to show any efforts being made by the University to claim and recover the amount from the Authority.

In the circumstances, the recoverability of the receivables from exchange transactions of Kshs.224,576,709 as at 30 June 2018 cannot be ascertained.

3. Failure to Disclose Material Uncertainty in Relation to Sustainability of Services

The University's current liabilities balance of Kshs.457,259,243 exceeded current assets balance of Kshs. 323,379,932 resulting in a negative working capital of Kshs.133,879,311 as at 30 June 2018. Accumulated deficit was Kshs. 224,027,563 as at 30 June 2018 (2017: accumulated deficit - Kshs.251,952,804). This precarious financial position is an indication of the existence of a material uncertainty which may cast a significant doubt on the University's ability to sustain its services and to meet its obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the Government and creditors. However, this material uncertainty in relation to sustainability of services and any mitigating measures put in place by the University management to reverse the undesirable precarious financial position have not been disclosed in the notes to the financial statements.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Laikipia University in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

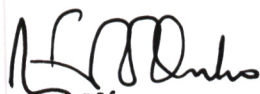
Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Laikipia University to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease or to sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

04 March 2019

Use of Public Resources section, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delay in Implementation of Projects

Included in the property, plant and equipment balance of Kshs.1,420,175,978 as at 30 June 2018 is work-in-progress amounting to Kshs.1,046,763,705 relating to construction of University's gate, lecture theatre, library and administration block and science laboratory. A physical verification and review of relevant records revealed that projects worth Kshs.304,462,138 were complete and in use but not yet capitalized due to lack of completion certificates. Further, other projects worth Kshs.741,460,567.15 had taken too long to complete with some spanning over seven years, and the contract period had lapsed. The University attributes the delay to non-performance on the part of the contractors despite substantial payments having been made to them.

In addition, excess payments to contractors amounting to Kshs.121,509,056 over and above contract sums relating to consultancy and variations were not supported by relevant documentations. The management explained that the excess payments were in respect of cost variations, consultancy costs on architecture, mechanical, electrical and other similar technical works which were contained in separate contracts. No explanation has, however, been provided on why these services could not be obtained from the State Department of Public Works, at lower cost compared to the high charges paid to private practitioners, as shown below:

Project	Contractor	Contract Date/ Period	Contract Amount Kshs	Amount Paid to Date Kshs.	Amount Relating to Consultancy or Cost Variations Kshs.
Roads, pavement & ancillary	Sonic Contractors	2013/2014	17,791,200	19,978,901.70	2,187,701.70
Lecture theatre	Landmark Holdings Limited	2011/2012	117,625,076	133,472,658.62	15,847,582.62
Library & administration Block	Buildmore construction & others	10/11/2011 78 weeks	254,713,266	348,042,185.64	93,328,919.64

Project	Contractor	Contract Date/ Period	Contract Amount Kshs	Amount Paid to Date Kshs.	Amount Relating to Consultancy or Cost Variations Kshs.
Gate	Glanack Investments	21/4/2015 120 days	23,631,575	27,962,263.65	4,330,688.65
C2 Science lab	Kenmark investments	1/11/2016 150 days	15,140,059	29,615,600.40	14,475,540.76
Grand total			428,901,177	559,071,610	121,509,056

Further, the management has not given evidence of steps taken to complete the projects given that the contracts period had lapsed.

In the circumstances, the propriety and value for money on the expenditure of Kshs.121,509,056 cannot be ascertained.

2. Intangible Assets – Enterprise Resource Planning (ERP) Software

As previously reported, the University entered into a contract with a consulting firm, World System limited, to develop an Enterprise Resource Planning (ERP) software at a cost of Kshs.14,949,200. The University paid Kshs.9,329,200 in 2013/2014 financial year which was 62% of the contract sum and additional amount of Kshs.84,000 in 2016/2017. The implementation period was to run from 22 May 2012 to 22 May 2013. As at 30 June 2018, five years after the contract period lapsed, the project remained incomplete. According to the contract documents signed, the project was to have five developers working on the system but only two were appointed by the consultant.

Further, information available indicate that the University is in the process of terminating the contract and a procurement process for a new ERP software has started, implying that the old software will not be useful upon commissioning of the new one.

In the circumstances, implementation of the ERP software is uncertain and it is doubtful whether the University will obtain value-for-money on the expenditure of Kshs. 9,413,200 so far incurred in respect of the old ERP software.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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 maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control. In preparing the financial statements, management is responsible for assessing the ability of Laikipia University to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one


**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2018**

REVENUE	Notes	Page	2017/2018 (30.06.2018) Kes.	2016/2017 (30.06.2017) Kes.	% Change
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	3	42	792,297,868	724,205,154	9.4%
			792,297,868	724,205,154	
Revenue from Exchange Transactions					
Students' Fees	5	43	343,616,111	459,342,103	-25.2%
Other Incomes	6	43	7,972,506	43,482,212	-81.7%
			351,588,617	502,824,314	-30.1%
Total Revenue			1,143,886,485	1,227,029,468	-6.8%
EXPENDITURE					
Staff Costs	7	44	869,181,221	958,164,937	-9.3%
Administrative Expenses	8	45	75,998,053	91,583,780	-17.0%
Academic & Research Expenses	9	46	130,832,404	157,457,812	-16.9%
Students Welfare	10	47	9,438,105	16,626,456	-43.2%
Council Expenses	11	47	11,221,762	9,104,372	23.3%
Finance Charge	12	47	1,092,097	1,862,004	-41.3%
Depreciation	13	47	14,732,170	22,441,969	-34.4%
Provision for Bad Debts	14	47	2,294,816	1,311,091	75.0%
Total			1,114,790,629	1,258,552,421	-11.4%
Operating Surplus/(Deficit)			29,095,856	(31,522,953)	192.3%
Other Service Units					
Farm Profit/(Loss)	15	48	(1,746,187)	3,156,595	-155.3%
Catering Profit/(Loss)	16	48	115,844	(1,931,741)	-106.0%
Bookshop/Medical Profit/(Loss)	17	48	459,728	(36,477)	1360.3%
Total Other Service Units			(1,170,615)	1,188,376	-198.5%
Total Surplus/(Deficit)			27,925,241	(30,334,576)	192.1%

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2018

DETAILS	Notes	Page	2017/2018 (30.06.2018) Kes.	2016/2017 (30.06.2017) Kes.	% Change
ASSETS					
Current Assets					
Cash & Cash Equivalents	18	49	85,046,132	93,932,304	-9.5%
Receivables from Exchange Transactions	19(i)	50	224,576,709	203,923,361	-1.6%
Receivables from Non-exchange Transactions	19(ii)	50	0	150,167,541	-100.0%
Inventories	20	51	13,757,091	16,352,048	-15.9%
Total Current Assets			323,379,932	464,375,254	-35.5%
Non- Current Assets					
Property, Plant and Equipment	21	52	1,420,175,978	1,379,163,790	3.0%
Library Books	22	53	93,538	228,916	-59.1%
Intangible Assets (ERP Software)	23	54	10,163,220	9,413,220	8.0%
Biological Assets	24	54	6,031,100	4,847,000	24.4%
Total Non- Current Assets			1,436,463,836	1,393,652,926	3.1%
Total Assets			1,759,843,767	1,858,028,179	-6.6%
LIABILITIES					
Current Liabilities					
Bank Overdraft	25	55	811,959	8,206,260	-90.1%
Accounts Payables	26 (i)	55	456,447,284	574,029,304	-20.5%
Total Current Liabilities			457,259,243	582,235,564	-21.5%
Non-Current Liabilities					
Long Term Liabilities	26(ii)	55	0	2,533,332	-100.0%
Total Non- Current Liabilities			0	2,533,332	100.0%
Total Liabilities			457,259,243	584,768,896	-21.8%
NET ASSETS			1,302,584,524	1,273,259,283	0.4%
Financed By:					
Capital Reserve			1,526,612,088	1,525,212,088	0.1%
Revenue Reserves (Surplus/(Deficit))			(224,027,563)	(251,952,804)	-11.1%
Total			1,302,584,524	1,273,259,283	2.3%


Dr. Ken Nyaundi, Ph.D
CHAIRMAN OF COUNCIL


CPA Geoffrey K. Langat
ICPAK No. 4980
Ag. FINANCE OFFICER


Prof. Kibett Rotich, Ph.D
VICE-CHANCELLOR

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE, 2018**

Details	Capital Reserve Kes.	Revenue Reserve Kes.	Total Kes.
As at 1st July, 2016	1,307,383,660	(221,618,228)	1,085,765,432
Government Development Grants	211,731,925		211,731,925
Revaluation during the year/Adjustment	6,096,503	0	6,096,503
Funds used during the year	0	0	0
Total Surplus/(Deficit)	0	(30,334,576)	(30,334,576)
As at 30th June, 2017	1,525,212,088	(251,952,804)	1,273,259,283
As at 1st July, 2017	1,525,212,088	(251,952,804)	1,273,259,283
Government Development Grants	1,400,000	0	1,400,000
Revaluation during the year/Adjustment		0	0
Funds used during the year	0	0	0
Total Surplus/(Deficit)		27,925,241	27,925,241
As at 30th June, 2018	1,526,612,088	(224,027,563)	1,302,584,524

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE, 2018

Details	2017/2018	2016/2017
	(30.06.2018)	(30.06.2017)
	Kes.	Kes.
Operating Activities:		
Surplus/Deficit	27,925,241	(30,334,576)
Revaluation of Assets	-	-
Gain on Disposal of Assets	-	-
Adjustment for Depreciation	14,732,170	22,441,969
Operating surplus before working capital changes	42,657,411	(7,892,608)
Changes in Working Capital		
Increase/Decrease in Receivables	129,514,193	(161,967,358)
Increase/Decrease in Inventories	2,594,957	3,412,511
Increase/Decrease in Payables	(117,582,020)	209,145,145
Increase/Decrease in Biological Assets	(1,184,100)	1,196,500
Net changes in Working Capital	13,343,030	51,786,798
Net cash generated from operating Activities	56,000,441	43,894,191
Cash flows from Investing Activities		
Purchase of Non-Current Assets	(6,419,596)	(2,585,780)
Work in Progress	(49,939,385)	(163,355,645)
Proceeds from sale of Non-Current Assets	-	-
Net cash used in investing Activities	(56,358,980)	(165,941,425)
Cash Flows from Financing Activities:		
Government Development Grants	1,400,000	211,731,925
Proceeds from Long Term Liabilities		
Repayments of Long Term borrowings	(2,533,332)	(3,800,000)
Net cash generated from Financing Activities	(1,133,332)	207,931,925
Increase/(decrease) in cash and Cash Equivalents	(1,491,871)	85,884,691
Cash & Cash Equivalents at Beginning of the Year	85,726,043	(158,648)
Cash & Cash Equivalents at the end of the period	84,234,173	85,726,043
Reconciliation of Cash & Cash Equivalents		
Cash & Cash Equivalents as per Cash Flow Statement	84,234,173	85,726,043
ADD: Overdrawn Accounts	811,959	8,206,260
Cash & Cash Equivalents	85,046,132	93,932,304
Actual Cash & Cash Equivalents as per Balance Sheet	85,046,132	93,932,304

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2018**

DETAILS	Approved Budget 2017/2018	Virement (Adjustments) 2017/2018	Revised Budget 2017/2018	Actual on Comparable Basis 2017/2018	Performance Difference 2017/2018
	Kes.	Kes.	Kes.	Kes.	Kes.
REVENUE					
Government Grants (Recurrent)	713,718,028	0	713,718,028	792,297,868	78,579,840
Grants & Donations	4,650,000	0	4,650,000	0	(4,650,000)
Students' Fees	535,828,969	0	535,828,969	343,616,111	(192,212,858)
Other Incomes	12,300,000	0	12,300,000	7,972,506	(4,327,494)
Total	1,266,496,997	0	1,266,496,997	1,143,886,485	(122,610,512)
EXPENDITURE					
Staff Costs	939,526,758	0	939,526,758	869,181,221	70,345,537
Administrative Expenses	86,694,967	0	86,694,967	75,998,053	10,696,914
Academic & Research Expenses	94,003,700	0	94,003,700	130,832,404	(36,828,704)
Students Welfare	14,535,000	0	14,535,000	9,438,105	5,096,895
Council Expenses	12,000,000	0	12,000,000	11,221,762	778,238
Finance Charge	1,241,333	0	1,241,333	1,092,097	149,236
Depreciation	25,000,000	0	25,000,000	14,732,170	10,267,830
Provision for Bad Debts	6,500,000	0	6,500,000	2,294,816	4,205,184
Total	1,179,501,758	0	1,179,501,758	1,114,790,629	64,711,129
Operating Deficit	86,995,239	0	86,995,239	29,095,856	(187,321,641)
Other Service Units					
Farm Profit	(727,154)	0	(727,154)	(1,746,187)	(1,019,033)
Catering Profit/Loss	0	0	0	115,844	115,844
Bookshop Profit	0	0	0	459,728	459,728
Total Surplus/(Deficit)	86,268,085	0	86,268,085	27,925,241	(187,765,102)
ADD: Other Receipts (Non P&L)					
Government Grants (Capital)	240,000,000		240,000,000	1,400,000	(238,600,000)
Receipts from Debtors	71,662,500		71,662,500	180,312,003	108,649,503
Deficit Financing- Bank Loan	150,000,000		150,000,000	0	(150,000,000)
	461,662,500	0	461,662,500	181,712,003	(279,950,497)
LESS: Other Payments (Non P&L)					
Plant & Equipment	31,730,000	0	31,730,000	5,669,596	26,060,405
Capital Development	390,000,000	0	390,000,000	49,939,385	340,060,615
Debt Management	172,533,328	0	172,533,328	281,482,333	(108,949,005)
	594,263,328	0	594,263,328	337,091,314	257,172,015
Surplus/(Deficit) for the Year	(46,332,743)	0	(46,332,743)	(127,454,070)	(81,121,327)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30th June, 2018

1. Statement of Compliance and Basis of Preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) Accrual. 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.

2. Summary of Significant Accounting Policies

a. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the University's activities. Revenue is shown net of rebates and discounts.

The University recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University's activities as described below. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue has been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned. The revenue recognition is as follows:

i) Revenue from non-exchange transactions

❖ Government Grants

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

❖ Grants & Donations

Grants and donations in form of research grants and donations from Constituency Development Funds (CDFs) are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

ii) Revenue from exchange transactions

❖ Tuition and Fees

Revenue from tuition and fees are recognized prorata over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular year. Revenue from tuition fees are accounted for over the period in which they relate. Fees paid in advance are carried forward under trade and other payables.

❖ Other incomes

Revenues from other sources are recognized when the amount of revenue can be measured reliably. Income from campuses is treated the same way tuition and fees are treated.

b. Budget Information – IPSAS 24

The annual budget is prepared on cash basis while the actual have been prepared on accrual basis. This explains the huge variances on the statement of comparison of budget and actual amounts. During the year under review, there were performance differences between the actual and budgeted amounts. These variances are explained as follows:

- i) Government Grants (Recurrent) –The increase in government capitation by Kes. 78.6 million was as a result money paid by the government to cater for 2013/17 CBA. The University budget was not revised during the year to cater for the changes.
- ii) Grants & Donations – The University had anticipated receiving grants and donations but this did not materialize.
- iii) Students Fees-The variance on the students’ fees was as a result of lower number of students than had been anticipated. The students’ population is declining with new intakes, thus affecting our fees income. The decline in students’ population led to a deficit of Kes. 192.2 million during the year.
- iv) Other Incomes – The variance on other incomes was as a result of low activities due to staff strikes that took place during the 2017/18 financial year.
- v) Staff Costs – The University had planned to employ new staff to meet Commission for University Education requirements but this was not possible due to shortage of funds.
- vi) Administrative Expenses – this line item was affected by low activities due to strikes as indicated in iv above.
- vii) Academic & Research Expenses – The variance on this expenditure was majorly due to part-time teaching claims received and recognized during the year.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

- viii) Students' Welfare – the students were not in session due to the strikes hence little or no expenditure on the planned activities.
- ix) Council Expenses – The University council held fewer meetings than previously expected
- x) Finance Charge – The decrease in this line item was due to revision of interest rates downwards by commercial banks as directed by the Central Bank of Kenya, hence a saving on our charged interest.
- xi) Depreciation – The University depreciation policy is to assign full year depreciation on University asset acquired during the year. We had planned to purchase additional assets during the year but due to shortage of funds, this could not happen. As a result, the provision for depreciation on the additional assets was therefore not incurred leading to underspending by Kes. 10,267,830.
- xii) Bad Debts Provision – provision for bad & doubtful debts decreased as a result of decrease in receivables as compared to budgeted amounts.
- xiii) Government Grants (Capital) – The government did not release capital funds during the year except for the Kes 1.4 million paid in June resulting to a variance of Kes. 238.6 million.
- xiv) Receipts from Debtors – Included in the Kes. 180 million received from debtors is Kes. 150 million that was received from the Government to cater for 2013/17 CBA.
- xv) Deficit Financing – The University had planned to take a bank loan of Kes. 150 million to fund construction of Nyahururu Campus Academic Complex but the project did not take-off.
- xvi) Capital Development- The expenditure was not incurred due to shortage of funds as a result of the government failure to release the funds.
- xvii) Debt Management – included in debt management was Kes. 208 million for June 2017 payroll and CBA arrears. In addition the University made payment to prior year suppliers at Kes. 30 million and part-time lecturers amounting to Kes.40 million.

c. Reserves – IPSAS 1

Laikipia University maintains two types of reserves as indicated on the Statement of changes in reserves of the financial statements. The reserves are capital and revenue reserves. During the financial year under review, the University had capital and revenue reserves' balance of Kes. 1,526,612,088 and Kes. (224,027,563) respectively.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2018

d. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments. Bank account balances include amounts held at various commercial banks at the end of the financial year. The Cash at hand and Bank balances at the close of 2017/2018 F.Y. was Kes. 85,046,132 which is reconciled as follows;

Reconciliation of Cash & Cash Equivalents

Cash & Cash Equivalents as per Cash Flow Statement	84,234,173	85,726,043
ADD: Overdrawn Accounts	811,959	8,206,260
Actual Cash & Cash Equivalents as per Balance Sheet	85,046,132	93,932,304

e. Receivables

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

f. Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps taken to recover them are without success. In 2017/2018, a general provision for bad and doubtful debts was provided amounting to Kes. 24,952,968 compared to Kes. 22,658,151 in 2016/17 FY resulting to an increase by Kes. 2,294,816.

g. Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity 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 Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2018

Contingent assets

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

h. Inventories – IPSAS 12

Inventories are stated at the lower of cost or net realizable value. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

i. Property, Plant and Equipment – IPSAS 17

Property, plant and equipment are stated at cost less accumulated depreciation and recognized impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the income statement (Statement of Financial Performance) and shown as a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in income statement and debited against the revaluation reserve

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

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 the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation.

The annual rates used are as follows:-

Buildings	-	2.5%
Office Equipment	-	20%
Furniture & Fittings	-	12.5%
Plant, Machinery & Tractors	-	10%
Motor Vehicles & Motor Bikes	-	25%
Computer & Accessories	-	20%
Library Books	-	20%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

j. Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Software is amortized on a straight line basis over the expected/estimated useful life.

Our intangible assets increased by Kes. 750,000 as a result of purchase of an aSc software for timetabling and examination management. The total cost of this software was Kes. 945,000 inclusive of maintenance and license fee amounting to Kes. 195,000 net of discount. This amount was expensed under recurrent expenditure for the 2017/18 financial year.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018**k. Biological Assets**

Livestock are valued at the prevailing market rates.

Crops are valued at fair value less estimated point of sale costs. Formula for calculating the value of crops in the field is as follows:

$$V_c = \frac{D \times A \times YP \times SP}{MP}$$

Where:

V_c – Value of crop

YP – Yield Potential of the crop

D – Age in Days

SP – Selling Price per 90-Kg Bag

A – Area in Acres

MP – Maturity Period

l. Related Parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of the University Management Board (UMB) are regarded as related parties and comprise of the Vice Chancellor, Deputy Vice Chancellor (AF&D), Deputy Vice Chancellor (A&R), Registrar (Administration), Registrar (Academic) and Finance Officer. Their remuneration in terms of emoluments during the year under review was as follows:

University Management Board Remuneration

	2017/2018	2016/2017
	Kes.	Kes.
New Vice-Chancellor	594,956.55	-
Former Vice-Chancellor	16,007,308.80	16,751,862.60
Deputy Vice-Chancellor (A&R)	9,941,796.00	10,151,652.00
Deputy Vice-Chancellor (AFD)	7,803,272.00	9,791,940.00
Registrar A&R	7,253,011.20	7,355,679.55
Registrar Admin.	7,253,011.20	7,355,679.55
Finance Officer	7,253,011.20	7,355,679.55
Total	56,106,366.95	58,762,493.25

Laikipia University Council is the governing body of the University and therefore a related party to the University. In 2017/2018 financial year, the University Council held various meetings in line with their mandate as stipulated in the University statutes and the Charter. The allowances paid to the members were as follows;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

Summary of Council Expenses for 2017/2018 F.Y.

Council Members (Current) Name	Sitting Allowance Kes.	Mileage Allowance Kes.	Accommodation Kes.	Lunch Allowance Kes.	Honorarium Kes.	Total Kes.
Prof. Raphael M. Munavu	60,000	33,452	18,200	0	900,000	1,011,652
Dr. Ken Nyaundi	460,000	199,946	200,200	14,000	1,044,000	1,918,146
Moses Siruri Marwa	620,000	101,815	309,400	4,000	0	1,035,215
David Namu Kariuki	600,000	273,351	327,600	4,000	0	1,204,951
Ruth Adhiambo Okowa	620,000	247,039	327,600	8,000	0	1,202,639
Susan Amlango Aletia	480,000	353,712	491,400	4,000	0	1,329,112
Pauline Ngari	640,000	303,158	385,959	4,000	0	1,333,117
Milton Njuki	460,000	156,556	273,000	4,000	0	893,556
Mary W. Gaturu	40,000	5,464	18,200	0	0	63,664
Moses N. Gakuru	620,000	256,910	327,600	4,000	0	1,208,510
Sub Total	<u>4,600,000</u>	<u>1,931,403</u>	<u>2,679,159</u>	<u>46,000</u>	<u>1,944,000</u>	<u>11,200,562</u>
Former Council Members Name	Sitting Allowance Kes.	Mileage Allowance Kes.	Accommodation Kes.	Lunch Allowance Kes.	Honorarium Kes.	Total Kes.
Prof. Abdullah N. Said	0	3,000	18,200	0	0	21,200
Sub Total	0	3,000	18,200	0	0	21,200
Total	4,600,000	1,934,403	2,697,359	46,000	1,944,000	11,221,762

During the period under review, the government through the Ministry of Education replaced the Principal Secretary's representative Mr. Milton Njuki with Ms. Mary W. Gaturu.

The Government of Kenya is also a related party to the University especially in terms of financing and policies. During the year under review, the National Government through the Ministry of Education disbursed Kes. 792,297,868 for recurrent expenditure and Kes. 1,400,000 for capital expenditure.

m. Employee Benefits – IPSAS 25**Retirement Benefit Costs**

Laikipia University, jointly with Egerton, Kisii and Chuka Universities operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University. The University obligation to the scheme is the contribution of 20% of basic Salary whereas the employees contribute 10% of their basic Salary.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

The University also contributes to the National Social Security Fund (NSSF) for staffs in grade I-IV. Contributions to this fund are determined by the local statutes. Currently, the NSSF rate is at Kes. 200 per employee per month.

The University contributions to the above schemes are charged to the Statement of Financial Performance in the year to which they relate. The University has no further obligation once the contributions have been remitted to the pension fund.

The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The University's contributions to the defined contribution schemes are recognized as an employee benefit expense in the year which it relates.

All employees are expected to take their annual leave as and when it matures during the year, otherwise, forfeit it. Hence there is no accrued annual leave at the statement of financial position date.

Employee's entitlements to gratuity are recognized when they accrue to contractual employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the statement of financial position date. Such employees become entitled to the gratuity on completion of their contracts and the payments out of this are charged to the accrued gratuity account.

n. Financial Risk Management – IPSAS 30

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University's financial risk management objectives and policies are detailed below;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

❖ Credit risk Management

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to students, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the University.

The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The University's policy is payment on registration and thus students' receivables are categorized as either past due or impaired.

The amount that best represents the University's maximum exposure to credit risk is made up as follows;

Credit risk Analysis

Details	Fully Performing Kes.	Past due Kes.	Impaired Kes.	Total Kes.
As at 30 June, 2018				
Students Receivables		143,739,417		143,739,417
Other Receivables		105,790,260		105,790,260
Bank Balances	85,046,132			85,046,132
	<u>85,046,132</u>	<u>249,529,677</u>	<u>0</u>	<u>334,575,808</u>
As at 30 June, 2017				
Students Receivables		141,348,878		141,348,878
Other Receivables		85,232,635		85,232,635
Bank Balances	93,932,304			93,932,304
	<u>93,932,304</u>	<u>226,581,513</u>	<u>0</u>	<u>320,513,816</u>

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

❖ Liquidity risk management

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Ultimate responsibility for liquidity risk management rests with the University Management Board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintain sufficient cash to meet the University's obligations. The university Management Board reviews the cash forecasts regularly and determines the University's cash requirement

The table below analyses the University's financial liabilities into relevant maturity period based on the remaining period at the end of reporting period to the contractual maturity date.

Liquidity risk Analysis

Details	Less than one Month Kes.	Between 1-12 Months Kes.	Over 12 Months Kes.	Total Kes.
As at 30 June, 2018				
Trade Payables		26,142,338	23,687,488	49,829,826
Contractors		2,967,437	60,995,716	63,963,153
SSP Claims		75,151,600	105,620,734	180,772,334
Prepaid Fees		31,756,272	500,816	32,257,088
Borrowings			0	0
Other Payables	0	74,900,632	35,301,731	110,202,363
Caution Money		3,106,120	16,316,400	19,422,520
	0	214,024,398	242,422,885	456,447,284
As at 30 June, 2017				
Trade Payables		26,102,373	27,361,477	53,463,850
Contractors		11,715,134	50,133,591	61,848,725
SSP Claims		85,216,442	70,955,818	156,172,260
Prepaid Fees		29,985,203	368,905	30,354,108
Borrowings			2,533,332	2,533,332
Other Payables	187,000	240,622,567	14,698,393	255,507,959
Caution Money		4,063,400	12,619,000	16,682,400
	187,000	397,705,119	178,670,515	576,562,635

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

❖ **Market risk**

(i) Foreign exchange risk

Foreign exchange risk arises from recognized assets and liabilities. The University operates wholly within Kenya and its assets and liabilities are denominated in Kenya shillings. The Council therefore believes there is no risk of significant losses due to exchange rate fluctuations.

(ii) Price risk

The University does not hold any financial instruments subject to price risk.

o. Comparative figures

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

p. Research and Development

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

q. Interest on Loans

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

r. Tax Exemption

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

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

3. Government Grants

LAIKIPIA UNIVERSITY				Where Recorded/recognized							
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Date Received as per Cash-Book	Receipt Number	Nature: Recurrent / Development / Others	Total Amount - KES	Statement of Financial Performance - KES	Capital Fund - KES	Deferred Income - KES	Receivables KES	Others - specific -KES	Total Transfers during the Year - KES
Ministry of Education	01.08.2017	01.08.2017	13890	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	04.09.2017	06.09.2017	13574	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	03.10.2017	09.10.2017	17715	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	03.11.2017	29.11.2017	18846	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	01.12.2017	05.12.2017	18495	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	01.12.2017	05.12.2017	18494	Recurrent	32,741,600	32,741,600	0	0	0	0	32,741,600
Ministry of Education	02.01.2018	04.01.2018	14490	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	02.01.2018	04.01.2018	14492	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	08.02.2018	08.02.2018	19124	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	08.02.2018	08.02.2018	19123	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	13.03.2018	13.03.2018	11042	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	13.03.2018	13.03.2018	11041	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	06.04.2018	06.04.2018	11048	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	06.04.2018	06.04.2018	11049	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	02.05.2018	03.05.2018	11251	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	02.05.2018	03.05.2018	11252	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	16.05.2018	30.05.2018	14758	Development	1,400,000	0	1,400,000	0	0	0	1,400,000
Ministry of Education	11.06.2018	13.06.2018	16116	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	11.06.2018	13.06.2018	16117	Recurrent	59,476,502	59,476,502	0	0	0	0	59,476,502
Ministry of Education	28.06.2018	28.06.2018	19464	Recurrent	6,548,320	6,548,320	0	0	0	0	6,548,320
Ministry of Education	28.06.2018	28.06.2018	19465	Recurrent	59,476,506	59,476,506	0	0	0	0	59,476,506
Total					793,697,868	792,297,868	1,400,000	0	0	0	793,697,868

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

		2017/2018	2016/2017
		(30.06.2018)	(30.06.2017)
Code	Description	Kes.	Kes.
5	Students' Fees		
50010	Students ID	834,535	1,149,100
50060	Examination Fee	17,507,477	16,635,850
50065	Application Fee	484,000	840,500
50070	Registration	10,541,135	5,298,525
50072	Activity Fee	8,744,920	5,223,765
50075	Convocation Fee	6,746,607	6,293,786
50085	Academic Transcripts	264,610	224,650
50200	Library Fee	11,139,420	10,667,950
50290	Accommodation	2,826,020	2,441,300
50600	Tuition	218,010,405	339,634,278
50615	Conference Charges	57,218	45,000
50620	Students Medical Fee	9,303,402	9,087,521
50625	Computer Charges	11,225,110	8,250,336
50630	Material Development	15,754,602	15,696,760
50655	Students Supervision Fee	23,109,645	34,415,697
50720	Laboratory Charges	5,090,430	2,635,100
50940	Retakes & Supplementary	278,445	678,950
50945	Remarking fees	1,698,130	123,035
	Sub-Total	343,616,111	459,342,103
6	Other Income		
		2017/2018	2016/2017
		(30.06.2018)	(30.06.2017)
Code	Description	Kes.	Kes.
50015	Miscellaneous Income	701,429	636,745
50030	Medical Charges - Guests	9,628	1,581,176
50040	Campuses Income	4,640,000	28,200,875
50087	Students' Damages	10,630	4,551,250
50088	Exam. Cards Replacement	21,000	66,300
50160	Hire of Transport	457,110	472,036
50180	Library Fines	24,842	59,705
50185	LU Marathon	846,690	513,700
50610	Research Grants	0	1,134,660
50640	Rent Income	1,259,308	503,928
50715	Sale of Detergents	1,870	0
50810	Tendering Income	0	10,400
50930	Insurance Claim	0	5,747,185
50935	Interest Income on Fixed Deposits	0	4,253
	Sub-Total	7,972,506	43,482,212

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

		2017/2018 (30.06.2018)	2016/2017 (30.06.2017)
7	Staff Costs		
	Personnel Emoluments		
Code	Description	Kes.	Kes.
70010	Basic salary	370,186,667	441,468,142
70020	NSSF (Employer)	603,800	674,000
70025	Medical Allowances	12,805,784	12,755,645
70030	Gratuity & Pension (Employer)	68,622,533	79,556,177
70040	House Allowance	185,637,343	191,854,572
70045	Other Personal Allowances	48,143,773	52,648,753
70060	Leave Travel	5,442,617	5,410,097
70090	Commuting Allowance	66,305,979	66,248,587
70105	Hardship Allowance	81,922,874	78,738,308
70100	Casual Labour	3,055,045	2,607,219
70160	Passage & Baggage	609,740	1,074,684
70165	Internship	264,840	699,215
70210	Staff Development/Training	1,011,436	570,094
70295	Group Life insurance	8,470,816	7,927,750
70380	Staff Funeral Expenses	180,000	175,888
70850	Staff (Dental & Optical) Expenses	836,678	1,105,176
71030	Staff Med. Expenses (Hospitalization)	15,081,298	14,450,630
71620	Staff Welfare	0	200,000
	Total Staff Costs	869,181,221	958,164,937

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

8 Administrative Expenses		2017/2018 (30.06.2018)	2016/2017 (30.06.2017)
Code	Description	Kes.	Kes.
70110	Travel & Subsistence	16,697,206	18,410,922
70115	Tax Penalties & Interests	10,649	0
70120	Office Stationery	1,015,911	2,537,380
70125	Photocopying Expenses	652,679	1,480,310
70130	Publishing & Printing	48,720	462,709
70140	Advertising & Publicity	2,621,690	919,672
70150	Postage & Telephone	1,497,796	1,502,257
70170	Electricity Expenses	14,596,987	15,744,504
70180	Meeting Expenses	1,993,715	3,390,906
70190	General Repairs	10,520,246	4,245,219
70230	Vehicles Insurance	1,240,621	1,225,393
70240	Cleaning Materials	763,347	635,375
70250	Staff Uniforms	547,032	811,164
70280	Bank Charges	606,304	3,497,979
70290	General Insurance -Property	357,651	333,382
70300	Legal Charges	4,100,722	3,125,630
70320	Computer charges & Stationery	3,074,055	1,476,560
70330	General Licenses	42,600	32,200
70350	Audit Fees	696,000	696,000
70420	Rents & Rates	1,056,812	14,933,156
70465	Security Infrastructure	135,856	249,000
70500	Vehicle repairs	937,560	1,156,118
70645	Transport operating Expenses	3,873,844	4,629,796
70655	Machinery repairs	803,327	2,092,944
70885	Quality Assurance	160,632	98,260
71055	Cleaning & Sanitary Services	390,000	503,105
71110	Maintenance of water & Sewerage	1,797,754	753,090
71152	Contracted Professional Services	320,750	2,225,574
71350	Office Running Expenses	1,586,545	1,323,941
71510	ISO Expenses/Launch	2,083,469	964,458
71521	Detergent Expenses	0	28,300
71715	Performance Contracting	226,000	1,070,044
71790	Public Celebrations	0	177,000
72017	Automation Expenses	1,541,575	679,636
70870	Health Week	0	171,798
	Sub Total	75,998,053	91,583,780

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

		2017/2018	2016/2017
9 Academic & Research		(30.06.2018)	(30.06.2017)
Code	Description	Kes.	Kes.
70070	Part-time Teaching Costs	86,851,436	101,024,541
70145	Campuses Expenses	0	10,300
70321	Internet Services	16,825,287	14,479,423
70355	Research Programmes	1,871,350	2,320,157
70375	Senate Expenses	10,000	74,497
70445	International Travel	301,200	0
70450	KUCCPS Expenses	0	2,991,000
70455	Conference & Seminars	2,148,742	1,020,270
70460	CUE Expenses	900,000	1,178,285
70480	Subscription to e-Journals	480,000	9,400
70485	Subscription to DSTV	162,900	163,120
70490	Subscription to Professional Bodies	24,876	0
70505	Teaching Materials	9,600	0
70510	Examination Stationery	2,564,184	2,458,301
70515	Laboratory Materials & Reagents	1,765,720	1,634,495
70520	Graduation Expenses	6,268,895	4,815,533
70521	Graduation Gowns	0	3,116,000
70535	Subsistence (External Examiners)	3,030,500	3,164,742
70565	Newspapers, Journals & Videos	1,078,810	1,172,140
70980	Teaching Practice & Field Attachment	6,146,950	14,977,342
71506	Academic Field Trips	287,500	2,501,656
71511	Academic Exhibitions	104,455	346,610
Sub Total		130,832,404	157,457,812

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

		2017/2018	2016/2017
		(30.06.2018)	(30.06.2017)
Code	Description	Kes.	Kes.
10	Students Welfare		
70310	Students' Bursaries	700,000	479,000
70440	LU Marathon	4,343,969	3,225,513
70860	Students Medical Supplies	1,350,244	3,445,687
70950	Students Miscellaneous A/c	1,740,992	6,225,091
71498	Students Work-study	243,300	830,400
71518	Cultural Week	0	946,300
71519	Students' Counseling Expenses	168,000	609,365
71560	Games Exp. (Inter Universities)	891,600	865,100
	Sub Total	9,438,105	16,626,456
11	Council Expenses		
71800	Sitting Allowance	4,600,000	3,440,000
71800	Mileage Allowance	1,934,403	1,408,630
71800	Accommodation Expenses	2,697,359	1,955,000
71800	Lunch Allowance	46,000	82,000
71800	Honorarium	1,944,000	2,218,742
	Sub Total	11,221,762	9,104,372
12	Finance Charge		
71520	Loan Interest	1,092,097	1,862,004
	Sub Total	1,092,097	1,862,004
13	Depreciation		
72018	Property, Plant & Equipment	14,596,793	17,046,586
72018	Library Books	135,377	766,980
72018	Adjustment for Depreciation	0	4,628,402
	Sub Total	14,732,170	22,441,969
14	Bad Debts		
70410	Provision for Bad Debts	2,294,816	1,311,091
70415	Bad Debts Written Off	0	0
	Sub Total	2,294,816	1,311,091

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

**15 FARM TRADING, PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30TH JUNE, 2018**

Details	2017/2018	2016/2017
	(30.06.2018)	(30.06.2017)
	Kes.	Kes.
Sales	3,428,011	7,024,888
Cost of Sales	4,018,902	3,083,870
Gross Profit/(Loss)	(590,891)	3,941,019
Expenses	1,155,295	784,424
Net Profit/(Loss)	(1,746,187)	3,156,595

**16 CATERING TRADING, PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30TH JUNE, 2018**

Details	2017/2018	2016/2017
	(30.06.2018)	(30.06.2017)
	Kes.	Kes.
Sales	4,742,517	8,235,142
Cost of Sales	3,928,415	9,479,101
Gross Profit/(Loss)	814,102	(1,243,959)
Expenses	698,258	687,783
Net Profit/(Loss)	115,844	(1,931,741)

**17 BOOKSHOP/MEDICAL TRADING, PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30TH JUNE, 2018**

Details	2017/2018	2016/2017
	(30.06.2018)	(30.06.2017)
	Kes.	Kes.
Sales	501,460	877,173
Cost of Sales	0	905,170
Gross Profit/(Loss)	501,460	(27,997)
Expenses	41,732	8,480
Net Profit/(Loss)	459,728	(36,477)

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

18 Cash & Cash Equivalents

Bank Account Name	Account Number	2017/2018	2016/2017
		(30.06.2018)	(30.06.2017)
		Kes.	Kes.
KCB Main Account	1102161683	35,992,986	30,707,396
KCB Nakuru Account	1101909080	9,575,733	
KCB Development Account	1120980534	6,579,069	54,653,945
KCB Research Account	1125437723	892,563	3,061,765
KCB Farm Account	1102161551	1,368,742	3,018,624
KCB Catering Account	1102168688	402,433	340,477
KCB Bookshop Account	1102161829	733,982	274,254
KCB - Mararal Fees Account	1135920710	4,568,325	
KCB - Mararal CDF Account	1134913397	1,290,615	64,062
Co-operative Fees Account	1129025576702		
Co-operative Bank Fees Account	1129501778000	7,986,708	
Co-operative Bank Nyahururu Fees A/c	1129037271600	11,128,469	
Co-operative Bank Naivasha Account	1129037293400	100,557	
Co-operative Bank - Marathon Account	1120036453400	968,280	926,933
Co-operative Bank - Gratuity/Caution Money A/c	1100036453400	153,879	854,154
Equity Fees Account	160295840456	2,858,057	
Chancellors & Alumni Endowment Fund Account	160264998833	400,000	
MPESA Pay bill	829850	17,230	
Total		85,017,627	93,901,610
Cash in Hand		28,504	30,693
Total		85,046,132	93,932,304

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

19	Accounts Receivable		
(i)	Receivable from Exchange Transactions	2017/2018 (30.06.2018)	2016/2017 (30.06.2017)
	Details	Kes.	Kes.
	Students' Fee Balances	143,739,417	141,348,878
	Fee Receivable Egerton University	1,862,823	1,862,823
	Eldoret Campus (Elgon View) Students' Account	3,566,894	8,655,347
	Nakuru Campus Students' Account	2,016,134	5,353,068
	Embu Campus Students' Account	55,918,800	55,918,800
	Nakuru Campus Director's Salary Account	5,000,810	0
	Embu Campus Director's Salary Account	4,510,496	0
	Farm Debtors	345,187	345,187
	Bookshop Debtors	18,564	26,365
	Medical Debtors	60,257	113,624
	Salary Advance	124,011	133,011
	Leasehold	1,327,733	801,923
	Un-surrendered Imprests	1,548,903	690,614
	Deposits & Pre-payments	8,669,064	10,239,788
	LU Deductions	17,009,455	0
	SSP Tax	2,251,012	0
	Laikipia University Students' Organization (LUSO)	468,033	
	Contractors (Capital Projects)	1,092,085	1,092,085
	Total	249,529,677	226,581,513
	Less Provision for Bad & Doubtful Debts @ 10%	24,952,968	22,658,151
	Net Receivable from Exchange Transactions	224,576,709	203,923,361
(ii)	Receivable from Non-exchange Transactions	2017/2018 (30.06.2018)	2016/2017 (30.06.2017)
	Details	Kes.	Kes.
	G.O.K. Capitation - Recurrent		150,167,541
		0	150,167,541
	Total Net Receivables	224,576,709	354,090,902

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

20. Inventory Stores Summary By Classification As At 30th June, 2018

Inventories	2017/2018	2016/2017
	(30.06.2018)	(30.06.2017)
	Kes.	Kes.
Animal Feeds	342,460	259,614
Boma Rhode Hay-Bales	169,680	1,798,400
Carpentry Materials	1,928,154	2,172,747
Chemicals & Fertilizers	288,493	424,995
Cleaning Materials	509,340	449,818
Diesel/ Lubricants	37,726	25,552
Dry Foodstuff	169,206	210,550
Electrical Appliances	779,063	935,605
Gift Shop Items	232,138	170,318
Harvested crop/Seeds	182,105	71,470
Harvested Oats (Grain & Bales)	83,460	410,400
Masonry Materials	136,425	355,935
Medical Drugs/Reagents	1,252,857	316,744
Medical Laboratories Apparatus	234,267	203,133
Office Stationery	2,587,759	4,001,660
Painting Materials	701,710	168,450
Perishable Foodstuff	27,750	149,459
Plumbing Materials	1,126,233	435,838
Science Laboratories Apparatus	1,084,676	1,455,860
Science Laboratory Reagents	515,970	758,344
Textbooks for Resale	0	414,105
Tools & Spare parts	1,212,414	1,098,880
Vet Drugs	47,600	53,228
Welding Materials	15,806	10,945
Linens & Curtains	91,800	0
Total	13,757,091	16,352,048

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

21. PROPERTY, PLANT & EQUIPMENT

Cost/Valuation	Land	Buildings	Work-in-Process	Plant Machinery & Tractors	Motor Vehicles	Equipment	Furniture & Fittings	Computer & Accessories	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July, 2016	194,835,000	259,113,430	860,689,783	11,294,623	40,530,312	58,907,784	25,818,929	40,853,214	1,492,043,076
Disposal									0
Additions	0	0	163,355,645	402,000	0	748,970	14,900	1,254,710	165,776,225
Adjustments for Omission (MV)					6,096,503				6,096,503
As at 30th June, 2017	194,835,000	259,113,430	1,024,045,428	11,696,623	46,626,815	59,656,754	25,833,829	42,107,924	1,663,915,803
Accumulated Depreciation									
As at 1st July, 2016	0	109,277,232	0	7,329,439	38,780,364	54,472,303	18,403,853	34,698,110	262,961,301
Accumulated Depreciation on Assets Disposed/Adjustments				(75,710)	(6,096,503)	945,991	201,490	280,606	(4,744,126)
Depreciation Charge for the Year	0	6,477,836	0	781,561	1,604,948	2,930,213	1,844,544	3,407,484	17,046,586
As at 30th June, 2017	0	115,755,068	0	8,186,710	46,481,815	56,456,526	20,046,907	37,824,988	284,752,013
Net Book Value as at 30th June, 2017	194,835,000	143,358,362	1,024,045,428	3,509,913	145,000	3,200,229	5,786,923	4,282,936	1,379,163,790
Cost/Valuation									
As at 1st July, 2017	194,835,000	259,113,430	1,024,045,428	11,696,623	46,626,815	59,656,754	25,833,829	42,107,924	1,663,915,803
Disposal									0
Additions			49,939,385			3,654,326		2,015,270	55,608,980
Adjustments for Capitalization		27,221,108	(27,221,108)						0
As at 30th June, 2018	194,835,000	286,334,538	1,046,763,705	11,696,623	46,626,815	63,311,080	25,833,829	44,123,194	1,719,524,784
Accumulated Depreciation									
As at 1st July, 2017	0	115,755,068	0	8,186,710	46,481,815	56,456,526	20,046,907	37,824,988	284,752,013
Accumulated Depreciation on Assets Disposed/Adjustments									0
Depreciation Charge for the Year	0	7,158,364	0	779,622	72,500	2,716,619	1,399,255	2,470,434	14,596,793
As at 30th June, 2018	0	122,913,432	0	8,966,332	46,554,315	59,173,144	21,446,161	40,295,422	299,348,806
Net Book Value as at 30th June, 2018	194,835,000	163,421,106	1,046,763,705	2,730,291	72,500	4,137,936	4,387,668	3,827,772	1,420,175,978

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

22. Non-Current Assets - Library Books

2016/2017	Library books
Cost/Valuation	Kshs.
As at 1st July, 2016	14,287,273
Disposal	
Additions	81,200
As at 30th June, 2017	14,368,473
Accumulated Depreciation	
As at 1st July, 2016	13,488,301
Accumulated Depreciation on Assets Disposed/Adj.	115,723
Depreciation Charge for the Year	766,980
As at 30th June, 2017	14,139,558
Net Book Value as at 30th June, 2017	228,916
2017/2018	
Cost/Valuation	
As at 1st July, 2017	14,368,473
Disposal	
Additions	
As at 30th June, 2018	14,368,473
Accumulated Depreciation	
As at 1st July, 2017	14,139,558
Accumulated Depreciation on Assets Disposed/Adj.	
Depreciation Charge for the Year	135,377
As at 30th June, 2018	14,274,935
Net Book Value as at 30th June, 2018	93,538

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018**23. Intangible Assets**

2016/2017	ERP Software
Cost/Valuation	Kshs
As at 1st July, 2016	9,329,220
Additions	84,000
As at 30th June, 2017	9,413,220
Accumulated Amortization	
As at 1st July, 2016	0
Amortization Charge for the Year	0
As at 30th June, 2017	0
Net Book Value as at 30th June, 2017	9,413,220
2017/2018	
Cost/Valuation	
As at 1st July, 2017	9,413,220
Additions	750,000
As at 30th June, 2018	10,163,220
Accumulated Amortization	
As at 1st July, 2017	0
Amortization Charge for the Year	0
As at 30th June, 2018	0
Net Book Value as at 30th June, 2018	10,163,220

Summary of Intangible Assets**Amount (Kes.)**

Power Campus (World Span)	9,413,220.00
aSc Exam/Timetabling Software (Hemisoft Ltd)	750,000.00
	10,163,220.00

24. Biological Assets	2017/2018	2016/2017
Detail	(30.06.2018)	(30.06.2016)
	Kes.	Kes.
Cattle	4,956,000	4,131,000
Silage Maize Crop	0	0
Oats in Field	0	0
Boma Rhodes in Field	800,000	0
Tree Nursery seedlings	275,100	716,000
Total	6,031,100	4,847,000

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2018

25. CASH BOOKS OVERDRAFT

Bank Account Name	Account Number	2017/2018 (30.06.2018) Kes.	2016/2017 (30.06.2017) Kes.
KCB Nakuru Account	1101909080		1,510,909
KCB - Mararal Fees Account	1135920710		63,126
Co-operative Fees Account	1129025576702	811,959	2,415,833
Co-operative Bank Account	1129501778000		1,662,965
Co-operative Bank Nyahururu Account	1129037271600		1,302,940
Co-operative Bank Naivasha Account	1129037293400		309,468
Equity Account	160295840456		829,119
MPESA Pay bill	829850		111,900
Grand Total		811,959	8,206,260

26. ACCOUNTS PAYABLES

	2017/2018 (30.06.2018) Kes.	2016/2017 (30.06.2017) Kes.
(i) Short term Payables		
Details		
Trade Payables	49,829,826	53,463,850
Audit Fees Payable	1,428,000	2,124,000
Contractors -Capital Projects	63,963,154	61,848,725
SSP Service providers	180,772,334	156,172,260
Accrued Council Honoraria	87,000	187,000
Students Caution Money	19,422,520	16,682,400
Excess Fees (Prepaid Tuition)	32,257,088	30,354,108
Laikipia University Students' Organization (LUSO)		56,537
Alumni Account	2,119,285	901,000
Salary & deductions payable	93,652,287	236,143,836
2010-2013 CBA Basic & House Arrears Payable	4,497,589	4,497,589
Staff Medical Claims (Dental & Optical)	306,507	773,940
Other staff claims	700,600	852,091
Rent & Leasehold in Advance	1,217,076	1,047,076
Rent Deposits Payables	50,000	0
Pay As You Earn (PAYE) Payable -Council Members	674,100	316,723
Kenya Revenue Authority (VAT & Income Tax Payable)	5,469,919	8,608,168
Total	456,447,284	574,029,304
(ii) Long term Payables	Kes.	Kes.
Equity Bank Loan	0	2,533,332
Total	0	2,533,332