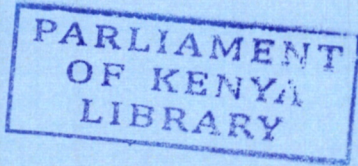


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER LAID
By the Leader of
opposition Hon
Aden Duale
on Tuesday
14.3.2017
[Signature]



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MACHAKOS UNIVERSITY COLLEGE**

**FOR THE YEAR ENDED
30 JUNE 2016**



Tuesday, 14th March 2017

The House met at 2.30 p.m.

PAPER LAID

Hon. A.B. Duale: Hon. Speaker, I beg to lay the following Papers on the Table of the House:

✓ The Office of the Controller of Budget First Quarter National Government Budget Implementation Review Report for the Financial Year 2016/2017, pursuant to Article 228(6) of the Constitution.

✓ The Independent Electoral and Boundaries Commission Report on Diaspora Voter Registration.

✗ The Independent Electoral and Boundaries Commission Policy on Voter Registration and Voting for citizens residing outside Kenya.

✓ The Independent Electoral and Boundaries Commission Annual Report for the Financial Year 2014/2015.

The Reports of the Auditor-General on the Financial Statements in respect of the following institutions for the year ended 30th June, 2016 and the certificates therein:

— (i) National Police Service Commission;

✓ (ii) Independent Electoral and Boundaries Commission;

✓ (iii) Government Clearing Agency Fund;

✓ (iv) Rivatex East Africa Limited;

✓ (v) Independent Policing Oversight Authority;

✓ (vi) Intelligence Service Development Fund;

✓ (vii) National Authority for the Campaign against Alcohol and Drug Abuse;

✓ (viii) Government Press Fund;

✓ (ix) Tourism Fund;

✓ (x) Kenya Medical Supplies Authority;

✓ (xi) National AIDS Control Council; and,

✓ (xii) Machakos University.

— The Report of the Auditor-General on the Financial Statements in respect of outstanding obligations guaranteed by the Government of Kenya for the year ended 30th June, 2016.

— The Report of the Auditor-General on the Financial Statements in respect of outstanding loans for the year ended 30th June, 2016.



MACHAKOS UNIVERSITY COLLEGE

ISO 9001:2008 Certified 
(A Constituent College of Kenyatta University)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016

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



MACHAKOS UNIVERSITY COLLEGE

TABLE OF CONTENTS

	PAGE
I. KEY ENTITY INFORMATION AND MANAGEMENT.....	ii-v
II. COUNCIL MEMBERS OF THE UNIVERSITY COLLEGE	vi-vii
III. MANAGEMENT TEAM.....	viii-ix
IV. CHAIRMAN'S STATEMENT	x
V. REPORT OF THE PRINCIPAL	xi
VI. CORPORATE GOVERNANCE STATEMENT.....	xii-xv
VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	xvi
VIII. REPORT OF THE UNIVERSITY COLLEGE COUNCIL	xvii-xviii
IX. STATEMENT OF UNIVERSITY COLLEGE COUNCIL RESPONSIBILITIES.....	xix
X. REPORT OF INDEPENDENT AUDITORS ON MACHAKOS UNIVERSITY COLLEGE.....	xx
XI. STATEMENT OF FINANCIAL PERFORMANCE.....	1
XII. STATEMENT OF FINANCIAL POSITION.....	2
XIII. STATEMENT OF CHANGES IN NET ASSETS.....	3
XIV. STATEMENT OF CASH FLOWS.....	4
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5-9
XVI. NOTES TO THE FINANCIAL STATEMENTS.....	10-27
XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	28

MACHAKOS UNIVERSITY COLLEGE

I. KEY ENTITY INFORMATION AND MANAGEMENT

(1) Background information

The entity (Machakos University College) was started in 1957 as Machakos Technical Rural Training School. In 1958, the School was taken over by the Government and renamed Machakos Technical and Trade School. In 1967, the School was renamed Machakos Technical School. In 1987, the School became a purely post-secondary Institution called Machakos Technical Training Institute.

In 2011, the Government established Machakos University College as a successor to the Machakos Technical Training Institute through Legal Notice No.130 of 16th September, 2011, as a Constituent College of Kenyatta University. The current status of the Constituent College is intended to be transitional as the University College is required to initiate the necessary academic, administrative and legal measures to ensure that it becomes a full-fledged University within the shortest possible time.

(2) Principal Activities

The principal activity / mission of the entity is to provide high level Manpower through Quality Training, Research, Consultancy and Community Service.

(3) Key Management

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

- (a) University College Council
- (b) University College Management Board
- (c) University College Academic Board

(4) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

Designation	Name
(a) Chairman of Council	Dr. Charles Maranga
(b) Principal	Prof. Francis M. Mathooko
(c) Deputy Principal (Administration, Planning & Finance)	Prof. Kenneth M. Mavuti
(d) Deputy Principal (Academic, Research & Linkages)	Prof. Priscah J. Tuitoek
(e) Finance Officer	Aileen A. Nyatuga
(f) Ag. Registrar (Administration & Planning)	Mr. Joel M. Mulelu
(g) Ag. Registrar (Academic, Research & Linkages)	Mr. Joseph M. Mwilu
(h) Ag. Dean of Students	Dr. Susan N. Nzioki

(5) Fiduciary Oversight Arrangements

There exists fiduciary oversight arrangements coordinated by the following Council Committees also capturing their fiduciary duties/activities as follows:

MACHAKOS UNIVERSITY COLLEGE

(a) Finance Committee responsible of:

- (i) Prescribing levels of fees and other charges levied by the University College from time to time.
- (ii) Approving rules and procedures for control of expenditure and administration of financial matters.
- (iii) Exercising such other functions as the Council may confer from time to time.
- (iv) Reviewing and analyzing the budget and making recommendations to Council for approval.

(b) Building and Physical Planning Committee responsible of:

- (i) Consider and recommend to the Council the priority developments projects and receive reports, and the recommendations of Management on the progress of the physical development of the University College.
- (ii) To report to the Council on the progress of physical infrastructure development in the University College.
- (iii) To take responsibility of arrangements for the construction and modification of buildings and other physical facilities.
- (iv) To be responsible for authorizing expenditure for major maintenance works.
- (v) To formulate and develop policy for housing in regard to construction of houses for the University
- (vi) College staff as well as leasing of houses to staff.
- (vii) Any other duty as may be assigned by the Council.

(c) Human Resource Development Committee responsible of:

- (i) To review and make recommendations to the Council on Staff Terms and Conditions of Service as and when necessary or when directed to do so by the Council from time to time.
- (ii) To receive and review, from time to time human resource policies and the code of conduct of the University College employees.
- (iii) To plan for human resource development in the University College.
- (iv) To receive, consider and recommend to Council staff recruitment and promotion criteria.
- (v) To examine and recommend to the Council staff rationalization and career structures within the University College.

(d) Audit and Compliance Committee responsible of:

- (i) To assist management in enhancing internal controls in order to improve efficiency, transparency and accountability.
- (ii) To review audit issues raised by both internal and external auditors.
- (iii) To oversee implementation of any recommendations arising from relevant government agencies.
- (iv) To enhance communication between Council, management, internal and external audit and fostering an effective internal audit function.
- (v) To inform Council of all statutory obligations.
- (vi) Ensure all Council resolutions are implemented.

MACHAKOS UNIVERSITY COLLEGE

(e) Academic, Research and Students Affairs Committee responsible of:

- (i) To advise the Council on academic programmes where the University College has competitive advantage.
- (ii) To receive and recommend all policy documents dealing with academic and research.
- (iii) To receive and recommend to Council all MOUs pertaining to collaboration and linkages.
- (iv) To assist the University College in establishing collaboration with industry and other stakeholders.
- (v) To lobby for research grants, scholarships and funds for capacity building.
- (vi) To undertake any other activity as may be assigned by the Council from time to time.

(6) Entity Headquarters

P.O Box 136-90100
Konza Road
Machakos, KENYA.

(7) Entity Contacts

Telephone: (254) 044-20353
Cell: 0735 247939 / 0723 805829
E-mail: info@machakosuniversity.ac.ke
Website: www.machakosuniversity.ac.ke




(8) Entity Bankers

- (a) National Bank of Kenya
P.O. Box 274-90100
Machakos.
- (b) Kenya Commercial Bank
P.O. Box 30-90100
Machakos.
- (c) Co-operative Bank
P.O. Box 1250-90100
Machakos.
- (d) Standard Chartered Bank
P.O. Box 29-90100
Machakos
- (e) Barclays Bank of Kenya
P.O. Box 30120
Nairobi.

(9) Independent Auditors



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

MACHAKOS UNIVERSITY COLLEGE

	<p>Name: Ms. Cecilia Nzau – Rep. PS. State Department of University Education</p> <p>Date of Birth: 1958</p> <p>Key Qualifications: BSc</p> <p>Work Experience: Over 15 yrs in Policy</p>
	<p>Name: Prof. Paul Wainaina-Ag. Vice-Chancellor, Kenyatta University.</p> <p>Date of Birth:</p> <p>Key Qualifications: Ph.D.</p> <p>Work Experience: Ag. Vice-Chancellor since 2016 to date.</p>
	<p>Name: Prof. Francis M. Mathooko – Secretary to Council.</p> <p>Date of Birth: 1962</p> <p>Key Qualifications: Ph.D. – Food Science & Technology</p> <p>Work Experience: Over 20 years in Senior Management and Research.</p>

MACHAKOS UNIVERSITY COLLEGE

III. MANAGEMENT TEAM

	<p>Name: Prof. Francis M. Mathooko - Principal</p> <p>Key Qualifications: Ph.D. - Food Science & Technology</p> <p>Main area of Responsibility: Chief Accounting Officer</p>
	<p>Name: Prof. Kenneth M. Mavuti – Deputy Principal (Administration, Planning and Finance.)</p> <p>Key Qualifications: Ph.D, FKNAS.</p> <p>Main area of Responsibility: In-Charge of Administration, Planning and Finance.</p>
	<p>Name: Prof. Priscah J. Tuitoek – Deputy Principal (Academic, Research and Linkages.)</p> <p>Key Qualifications: Ph.D. (Human Nutrition)</p> <p>Main area of Responsibility: In-Charge of Academic, Research and Linkages.</p>
	<p>Name: Aileen A. Nyatuga - Finance Officer</p> <p>Key Qualifications: MBA-Accounting, CPA(K)</p> <p>Main area of Responsibility: Head of the Finance Department</p>
	<p>Name: Mr. Joel M. Mulelu – Ag. Registrar (Administration and Planning)</p> <p>Key Qualifications: B.Ed. (Arts), Dip – Technical Education</p> <p>Main area of Responsibility: In - Charge of Administration and Planning.</p>

MACHAKOS UNIVERSITY COLLEGE



Name: Mr. Joseph M. Mwilu – Ag. Registrar
Academic, Research and Linkages.

Key Qualifications: MBA(HRM), B.Ed (Arts), CPA II

Main area of Responsibility: In - Charge of Academic, Research
and Linkages.



Name: Dr. Susan N. Nzioki – Ag. Dean of Students

Key Qualifications: Ph.D. (HRM), MA, B.Ed (Arts)

Main area of Responsibility: Head of Students Affairs and Welfare

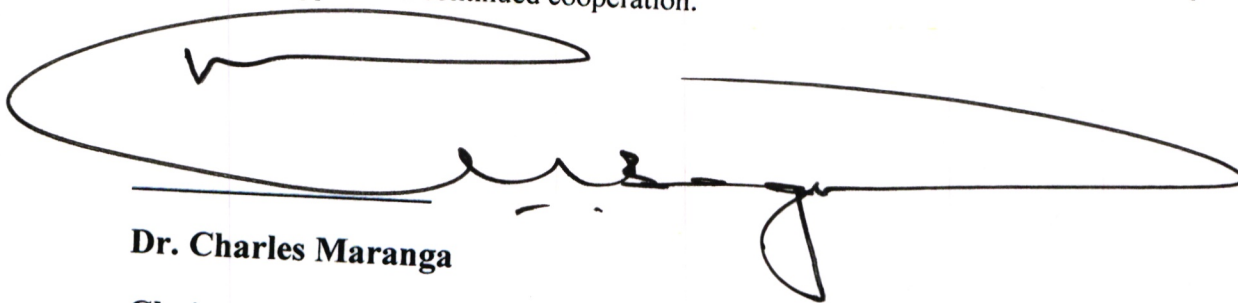
MACHAKOS UNIVERSITY COLLEGE

IV. CHAIRMAN'S STATEMENT

It is my pleasure to present the University College's Annual Report and Financial Statements for the year ended 30th June, 2016. The University College Council notes with appreciation the continued support of the Government and other stakeholders in running the institution. We endeavor to continue restructuring of programmes in order to achieve efficiency in the management of academic affairs. The Council will endeavor to work with the industry and other strategic partners in order to provide for facilities to meet these challenges.

During the fiscal year, the University College embarked on various projects among them construction of Lecture Theatre and Classrooms Complex (phase II) and equipping of the Library with books. We are pleased by the achievements so far realized despite the challenges faced especially on setting up of management structures and modes of teaching that focus on both innovation and technology. There has been a steady increase in student population which has exerted a lot of pressure on the existing facilities, thereby necessitating the need for putting up more facilities. The Council in collaboration with the relevant stakeholders is committed towards delivering the same.

Finally, I thank the Government and the local donor agencies, suppliers and service providers for their trust, support and continued cooperation.



Dr. Charles Maranga

Chairman of Council

MACHAKOS UNIVERSITY COLLEGE

V. REPORT OF THE PRINCIPAL

I am pleased to present the Financial Statements of Machakos University College for the year ended 30th June 2016. During the year under review, the University College has remained on course. The main focus of which has been quality, relevance, access and sustainability intended to consolidate and reshape the University College with a view to attaining a fully-fledged University status.

During the year, the University College put in place the necessary financial, procurement and internal control measures on resource utilization to ensure that we meet the targets of revenue collection and control cost measures. Despite the many challenges the University College has faced, I am glad to report that the University College has remained on course towards walking the path to a full-fledged University status.

In order to achieve the aforesaid, Machakos University College has embarked on various projects geared towards achieving these objectives. These include but not limited to, construction of the Lecture Theatre and Classrooms Complex, Phase II and equipping of the Library, Science and Computer laboratories and setting up Engineering Laboratories and Workshops.

I am humbled to convey my appreciation and gratitude to the University College Council, Management and all the members of staff for their support, commitment and dedication to their work and their efforts that have seen Machakos University College move towards attaining stability. Special recognition is made to all the students who have chosen Machakos University College as their place of study.

Finally, I thank the Government of Kenya, the local community, donor agencies, our bankers, suppliers and service providers for their support and cooperation.



Prof. Francis M. Mathooko
Principal

MACHAKOS UNIVERSITY COLLEGE

VI. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is key to the integrity of state corporations and is central to their health and stability. Corporate governance plays a leading role in how corporations and their boards and management are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation regulates itself in order to remain competitive, ethical, sustainable and fair.

The University College Council follows principles of openness, integrity and accountability in its stewardship of the University College's affairs. It recognizes the developing nature of corporate governance and assesses the University College's compliance with generally accepted corporate governance practice on a regular basis, directly and through its Council committees and management. The role of the Council is to ensure conformance by focusing on and providing the University College's overall strategic direction and policy –making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Council is also responsible for the overall system of internal control and for the reviewing its effectiveness. The controls are designed to both safeguard the University College's assets and ensure the reliability of financial information.

A management team, comprising, the Principal, Deputy Principals, heads of departments and senior staff meets regularly to consider issues of operational and strategic importance to the University College. Below are the key features of the existing corporate governance practices within Machakos University College which are reviewed and improved on a regular basis:-

1. University College Council

The University College Council consists of the Chairman and eight members, who have been appointed in accordance with the Universities Act (2012). The full University College Council meets formally at least four times a year and or any other time when need arises.

The Council is responsible for setting the direction of the University through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.

The Council is actively involved and brings strong independent judgment on its deliberations and discussions. The University College Council members have diverse skill set, a wide range of knowledge and experience of University setting that is applied to the formulation of strategic objectives and decision making. The Council meets regularly and retains full and effective control over the University College in all strategic, financial, operational and compliance areas.

MACHAKOS UNIVERSITY COLLEGE

VI. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

To assist the Council in the discharge of its responsibilities, Council committees have been established. All the Council committees meet at least two times a year. The committees are as follows: -

1. Finance Committee is responsible of:

- (a) Prescribing levels of fees and other charges levied by the University College from time to time.
- (b) Approving rules and procedures for control of expenditure and administration of financial matters.
- (c) Exercising such other functions as the Council may confer from time to time.
- (d) Reviewing and analyzing the budget and recommend to Council.

Membership: -Council member as Chairman, 2 Council members, Principal Secretary, State Department of University Education, Principal Secretary, The National Treasury and the Principal as Secretary.

2. Building and Physical Planning Committee responsible of:

- (a) Consider and recommend to the Council the priority developments projects and receive reports, and the recommendations of Management on the progress of the physical development of the University College.
- (b) To report to the Council on the progress of physical infrastructure development of the University College.
- (c) To take responsibility of arrangements for the construction and modification of buildings and other physical facilities.
- (d) To be responsible for authorizing expenditure for major maintenance works.
- (e) To formulate and develop policy for housing in regard to construction of houses for the University College staff as well as leasing of houses for staff.
- (f) Any other duty as may be assigned by the Council.

Membership: Council member as Chairman, 1 member of Council, Principal Secretary, State Department of University Education, Principal Secretary, The National Treasury and the Principal as Secretary.

3. Human Resource Development Committee responsible of:

- (a) To review and make recommendations to the Council on Staff Terms and Conditions of Service as and when necessary or when directed to do so by the Council from time to time.
- (b) To receive and review, from time to time human resource policies and the code of conduct of the University College employees.
- (c) To plan for human resource development in the University College.
- (d) To receive, consider and recommend to Council staff recruitment and promotion criteria.
- (e) To examine and recommend to the Council staff rationalization and career structures within the University College.

MACHAKOS UNIVERSITY COLLEGE

Membership: Council member as Chairman, 1 member of Council, Principal Secretary, State Department of University Education, Principal Secretary, The National Treasury and the Principal as Secretary.

4. Audit and Compliance Committee responsible of:

- (a) To assist management in enhancing internal controls in order to improve efficiency, transparency and accountability.
- (b) To review audit issues raised by both internal and external auditors.
- (c) To oversee implementation of any recommendations arising from relevant government agencies.
- (d) To enhance communication between Council, management, internal and external audit and fostering an effective internal audit function.
- (e) To inform Council of all statutory obligations.
- (f) Ensure all Council resolutions are implemented.

Membership: Council member as Chairman, 1 member of Council, Principal Secretary, State Department of University Education, Principal Secretary, The National Treasury and the Principal as Secretary.

5. Academic, Research and Students Affairs Committee responsible of:

- (a) To advise the Council on academic programmes where the University College has competitive advantage.
- (b) To receive and recommend all policy documents dealing with academic and research.
- (c) To receive and recommend to Council all MOUs pertaining to collaboration and linkages.
- (d) To assist the University College in establishing collaboration with industry and other stakeholders.
- (e) To lobby for research grants, scholarships and funds for capacity building.
- (f) To undertake any other activity as may be assigned by the Council from time to time.

Membership: Council member as Chairman, 1 member of Council, Principal Secretary, State Department of University Education, Principal Secretary, The National Treasury and the Principal as Secretary.

Beside these 5 main Council committees, there also exist other *Ad hoc* committees namely:

- (a) Appeals Committee
- (b) Graduation and Sealing Committee
- (c) General Purpose Committee
- (d) Appointments Committee and,
- (e) Staff Disciplinary Committee.

2. Internal Controls

The University College has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the University College's assets. Such controls are based

MACHAKOS UNIVERSITY COLLEGE

on Government Laws, regulations and circulars including internal circulars and are implemented by trained personnel with appropriate segregation of duties. The effectiveness of the system of internal controls is monitored regularly through internal audit functions, operational meetings and the annual external audit.

3. Related Party Transactions (Council Members' Remuneration)

The remuneration for Council members consists of Chairman's monthly honoraria, sitting allowances, subsistence allowances and mileage reimbursement for their services in connection with the Council and committee meetings. The aggregate amount of Council members' remuneration for services rendered during the year ending 30th June 2016 are contained under **Note 16 on page 26** of these Annual Report and Financial Statements (Council expenses).

4. Going Concern

The University College Council confirms that the Machakos University College has adequate resources to continue in operation for the feasible future and, therefore, the continued use of going concern as a basis of preparing the financial statements.

MACHAKOS UNIVERSITY COLLEGE

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Machakos University College being a public entity embraces the policy of Corporate Social Responsibility (CSR) through engaging itself with the following few amongst many social responsibilities:

- (a) Offering financial support to the needy students like through coordinating bursary support opportunities and sponsorship to such cadre of students where possible as well as work-study programme.
- (b) Offering both social and economic support to the external community through provision of casual labor opportunities and supplies wherever such opportunities arises.
- (c) Offering donations and other possible aids to the needy communities.
- (d) Environmental promotion activities like tree planting campaign intended for Masinga region.
- (e) Mentoring other young and upcoming institutions of higher learning for both social-economic benefits of their neighboring communities.eg Masinga Technical Training Institute.
- (f) Offering career advice to students within and around Machakos County.
- (g) Offering internship and industrial attachment to youth from the surrounding community and Institution.

MACHAKOS UNIVERSITY COLLEGE

VIII. REPORT OF THE UNIVERSITY COLLEGE COUNCIL FOR THE YEAR ENDED 30TH JUNE 2016.

1. Pursuant to the provisions of the Universities Act (2012) and without derogating from the generality of its authority as provided in the Act, the Council shall have the following functions: -
 - (a) Provide oversight and strategic leadership
 - (b) Employ staff
 - (c) Approve the Statutes of the University College and cause them to be published in the Kenya Gazette
 - (d) Approve the policies of the University College
 - (e) Approve the budget
 - (f) Make new or additional Regulations, and alter, amend or revoke existing Regulations
 - (g) have powers to acquire land, buildings, premises, furniture and equipment including specialized scientific equipment, vehicles and machinery and other means and facilities required for carrying out the work of the University College in accordance with the Order;
 - (h) Determine the method of recruitment, appointment and promotion of all staff of the University College;
 - (i) Make appointments authorized by law and to determine the terms and conditions of service for all staff of the University College;
 - (j) Provide for the welfare of every person in the employment of the University college, including former employees of the University college on pension or similar arrangements; spouse, widow/widower and dependents of such persons, including the payment of money, pensions or other funds for the benefit of such persons;
 - (k) In consultation with the Academic Board establish, confirm, abolish or hold in suspense any Professorship, Lectureship or other posts;
 - (l) Confer after a report from Academic Board the title of Emeritus Professor, Honorary Professor, Honorary Lecturer;
 - (m) Provide the requisite money in so far as the university college estimates are approved and accepted by the Council;
 - (n) Provide control and regulate the finances of the University College as may be provided in the Regulations from time to time;
 - (o) Control, manage and regulate accounts, investment property, and all the business affairs of the University College and for that purpose appoint Bankers, Auditors, Lawyers or any agents as the Council may deem necessary from time to time;
 - (p) Promote and to make financial provisions and facilities for research within the University College;
 - (q) Determine, after considering the recommendations of Senate through the Academic Board, all fees payable to the University College;
 - (r) Invest any moneys belonging to the University College including any unapplied income, in such stocks, funds, fully paid shares or securities as Council may from time to time deem fit, in accordance with the general law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rents and subject to the Order with the powers of varying such investments from time to time by sale or re-investment or otherwise;
 - (s) Subject to Section 12 (1) (a) of the Order, to sell, buy, exchange, lease, grant or take on lease moveable and immovable property on behalf of the University College;
 - (t) Borrow money on behalf of the University college, and for that purpose and subject to the Order, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
 - (u) Enter into, vary, carry out or terminate contracts on behalf of the University College;

MACHAKOS UNIVERSITY COLLEGE

- (v) On the recommendation of Academic Board, provide by Regulations for the creation of new Divisions, Faculties, Schools, Institutes, Departments, Centres or other bodies of learning and research in the University college, whether formed by the sub-division of any one or more than one of any such new body or otherwise, and for the abolition from time to time of any such body, and to approve the establishment, abolition or sub-division amalgamation of any such body or bodies however so described;
 - (w) Institute, on the recommendation of Senate (subject, where appropriate, any conditions acceptable to the Council and to the Senate which might be made by the donors) Fellowships, Studentship, Exhibitions, Bursaries, Prizes and other aids to study and research;
 - (x) Subject to the Act, these Statutes and any other written law to exercise powers of removal from office and other disciplinary control over all categories of staff in the University College. In the case of the academic and senior administrative staff and provided this power shall be exercised for the reasons, on the grounds and in the manner pursuant to the procedures set out in the Regulations; and
 - (y) Empower any such committees to of Council jointly with any committees appointed by the Academic Board, provided that the Council shall not delegate to the Chairman or to a committee the powers to approve without further reference to the Council the Annual Estimates of Expenditure.
2. Subject to any written law, the Council may refer any financial matters affecting the academic policy of the University College to the Academic Board for advice.
 3. Subject to any written law, the Council shall determine the method and conditions of appointment and promotion, terms of service and remuneration of all staff of the University College.
 4. Subject to any written law, the Council shall authorize or control the establishment and disestablishment of Faculties, Schools, Institutes, Bureau, Departments, Units and Centres.
 5. The Council shall authorize and control the establishment and abolition of academic, Library, administrative, technical, and secretarial and all other posts in the University College necessary for the proper functioning of the University College.
 6. The Council shall control the appointment of any other persons working for the University College, pay, honoraria, fees and other remuneration as the Council may determine from time to time.
 7. The Council may transact from time to time any other business of the University that is not covered by the Statutes.

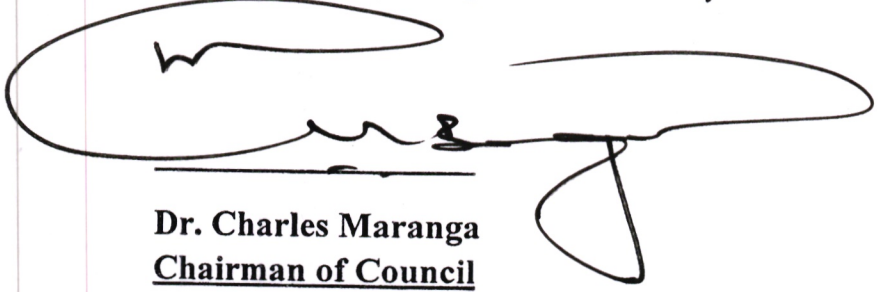
MACHAKOS UNIVERSITY COLLEGE

IX. STATEMENT OF UNIVERSITY COLLEGE COUNCIL'S RESPONSIBILITIES

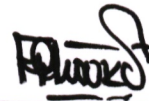
Machakos University College is required to prepare statements and give a true and fair view of the state of affairs of the University College as at the end of the financial year, and of its surplus or deficit for that year. The University College Council is required to ensure that the University College maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the University College. The Council is also responsible for safeguarding the assets of the University College.

The Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and in conformity with International Public Sector Accounting Standards. The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University College as at 30th June 2016 and of its statement of income for the financial year ended 30th June, 2016.

The Council further confirms the accuracy and completeness of the accounting records maintained by the University College, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the system of internal financial controls. Nothing has come to the attention of the Council that the University College will not remain a going concern for at least twelve months from the date of this statement. This statement is approved by the University College Council and is signed on its behalf by:



Dr. Charles Maranga
Chairman of Council



Prof. Francis M. Mathooko
Principal

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 MACHAKOS UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Machakos University College set out on pages 1 to 28, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, 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 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.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

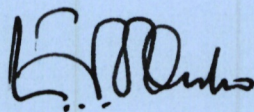
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Machakos University College as at 30 June 2016, 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.



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

Nairobi

20 February 2017

MACHAKOS UNIVERSITY COLLEGE

XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2016.

<u>Income</u>	Notes	2015-2016 Ksh	2014-2015 Ksh
Revenue from non-exchange transactions			
Government Grants	10	358,962,673	290,283,563
Amortized Grants in kind	11	3,118,254	3,118,254
		362,080,927	293,401,817
Revenue from exchange transactions			
Tuition & Other Related Incomes	12	348,978,229	185,154,106
IGA & Other Incomes	13	63,672,914	65,623,995
Decrease in provision for doubtful debts	5(a)	5,527,723	-
		418,178,866	250,778,101
Total Income		780,259,793	544,179,918
Expenditure			
Operations & Maintenance	15	94,866,433	66,254,501
Administrative & Academic	16	579,613,662	516,800,336
Other Expenses	17	25,945,167	26,201,691
Depreciation	3	69,035,724	56,611,053
Provision for doubtful debts	5(a)	-	9,829,948
Total Expenditure		769,460,986	675,697,529
Surplus / Deficit		10,798,807	(131,517,611)


The notes set out on pages 10 to 27 form an integral part of the Financial Statements.

MACHAKOS UNIVERSITY COLLEGE

XII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2016.

<u>ASSETS</u>	<u>Notes</u>	2015-2016	2014-2015
		Ksh	Ksh
Non-Current Assets			
Property, Plant & Equipment	3(a)	1,630,064,704	1,519,547,807
		1,630,064,704	1,519,547,807
<u>CURRENT ASSETS</u>			
Inventories			
Stocks-Inventories	4(a)	4,267,627	5,234,504
		4,267,627	5,234,504
Trade and other Receivables			
Exchange transactions	5(a)	128,229,217	72,253,312
Non-Exchange transactions	5(b)	851,254	1,244,484
		129,080,471	73,497,796
Cash & Bank balances	6(a)	64,138,611	104,567,115
		197,486,709	183,299,415
Total Assets		1,827,551,413	1,702,847,222
<u>CAPITAL FUNDS & LIABILITIES</u>			
Net Assets			
Capital Reserve	7	1,828,637,068	1,701,424,562
Revenue Reserve	8(a)	(142,443,308)	(153,242,115)
Deferred Income	8(b)	12,473,016	15,591,270
Sub-total		1,698,666,776	1,563,773,717
Current liabilities			
Trade and other Payables	9	124,379,193	106,497,779
Bank account with Overdrawn Cashbook	6(b)	4,505,444	32,575,726
		128,884,637	139,073,505
Total Net Assets and Liabilities		1,827,551,413	1,702,847,222

The Financial Statements set out on pages 1 to 4 were signed on behalf of the University College Council by:


 Prof. Francis M. Mathooko
 Principal
 Date 02.02.2017


 Dr. Charles Maranga

Chairman of Council

Date 02.02.2017

MACHAKOS UNIVERSITY COLLEGE

XIII. STATEMENT OF CHANGES IN NET ASSETS AT AS 30TH JUNE, 2016.

Description	Capital Reserve Ksh	Revenue Reserve Ksh	Deferred Income Ksh	Total Ksh
Balance as at 30th June 2014	1,516,797,895	(21,724,504)	18,709,524	1,513,782,915
Additional Capital (Note 7)	184,626,667	-	-	184,626,667
Deficit for the year 2014/2015	-	(131,517,611)	-	(131,517,611)
Amortized for the year 2014/2015	-	-	(3,118,254)	(3,118,254)
Balance as at 30th June 2015	<u>1,701,424,562</u>	<u>(153,242,115)</u>	<u>15,591,270</u>	<u>1,563,773,717</u>
Additional Capital (Note 7)	127,212,506	-	-	127,212,506
Surplus for the year 2015/2016	-	10,798,807	-	10,798,807
Amortized for the year 2015/2016	-	-	(3,118,254)	(3,118,254)
Balance as at 30th June 2016	<u>1,828,637,068</u>	<u>(142,443,308)</u>	<u>12,473,016</u>	<u>1,698,666,776</u>

MACHAKOS UNIVERSITY COLLEGE

XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2016.

<u>Cash flows from Operating activities</u>	<u>Notes</u>	<u>2015-2016</u>	<u>2014-2015</u>
RECEIPTS		Ksh	Ksh
Revenue from non -exchange transactions	10	358,962,673	290,283,563
Revenue from exchange transactions	12/13	<u>412,651,143</u>	<u>250,778,101</u>
		771,613,816	541,061,664
PAYMENTS			
Operations and Maintenance	15	94,866,433	66,254,501
Administration and Academic	16	579,613,662	516,800,336
Other expense	17	<u>25,945,167</u>	<u>26,197,311</u>
		700,425,262	609,252,148
Cash flows from operating activities		71,188,554	(68,190,484)
Working Capital Adjustments			
Decrease in Inventories	4	966,877	(1,423,764)
Increase in Debtors & Receivables	5	(50,054,952)	(23,944,443)
Increase in Trade & Other payables	9	17,881,414	35,425,093
		(31,206,661)	10,056,886
Net cash flows used in operating activities		39,981,893	(58,133,598)
Cash flows from Investing activities			
Purchase of Property, Plant & Equipment	3(a)	(179,552,620)	(80,258,435)
Proceeds from Sale of Biological Assets	3(b)	-	365,620
Capital grants for the year	7	127,212,506	184,626,667
Net cash flow generated from investing activities		(52,340,114)	104,733,852
Cash flows from Financing activities		-	-
Net increase in cash & cash equivalents		(12,358,222)	46,600,254
Net cash & cash equivalents b/f		<u>71,991,389</u>	<u>25,391,135</u>
Cash & Bank balances as at 30.06.2015/2016	6	<u>59,633,167</u>	<u>71,991,389</u>

MACHAKOS UNIVERSITY COLLEGE

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2016.

	Details	Original Budget	Adjustments	Final Budget	Actual	Variance	%variance	Remarks
		2015 /2016			2015 /2016	(Budget-Actual)		
A	INCOME							
1	Recurrent Grant	338,800.000	-	338,800.000	358,962,673	(20,162,673)	(5.95)	
2	Development grant	205,400.000	-	205,400.000	127,212,506	78,187,494	38.07	Govt did not submit the balance
3	Masinga TTI Project	29,886,303	-	29,886,303	31,706,240	(1,819,938)	(6.09)	
4	Donor	61,572,009	-	61,572,009	-	61,572,009	100.00	Did not get the funds
5	Tuition Fees	260,500.000	-	260,500.000	334,658,045	(74,158,045)	(28.47)	Improved strategies to collect revenue
6	Accommodation Income	5,000.000	-	5,000.000	4,819,847	180,153	3.60	
7	Catering Income	14,000.000	-	14,000.000	9,500,337	4,499,663	32.14	Subsidized prices
8	IGA & Other Incomes	208,327.637	-	208,327.637	63,672,914	144,654,723	69.44	Hotel not fully operational
	Total Income	1,123,485,949	-	1,123,485,949	930,532,562	192,953,387		
B	EXPENDITURE							
	Personal Emoluments							
1	Basic salaries	240,283,333	(5,000,000)	235,283,333	226,531,380	8,751,953		
2	House allowance	150,200.000	(600,000)	149,600.000	137,324,140	12,275,860		
3	Pension & Gratuity	71,280,000		71,280,000	47,930,966	23,349,034		
4	NSSF	1,760,000	600,000	2,360,000	960,000	1,400,000		
5	Leave allowances	6,800,000	(4,028,213)	2,771,787	2,885,088	(113,301)		
6	Other allowances	46,172,196	428,213	46,600,409	56,774,752	(10,174,343)		
7	Part-time lecturers	20,000.000	5,000.000	25,000.000	25,760,449.00	(760,449)		
8	Casuals	8,000,000	3,600,000	11,600,000	11,348,793	251,207		
	Total Personal Emoluments	544,495,529		544,495,529	509,515,568	34,979,961	6.42	

MACHAKOS UNIVERSITY COLLEGE

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2016.(CONTINUED)

	Details	Original Budget	Adjustments	Final Budget	Actual	Variance	%variance	Remarks
9	Advertising & Publicity	1,000,000		1,000,000	2,878,365	(1,878,365)	(187.84)	Adverts for reporting date after fire
10	Audit Fees	800,000		800,000	960,000	(160,000)	(20.00)	Actual Invoice presented
11	Bank Charges	400,000	602,377.66	1,002,378	1,061,579	(59,201)	(5.91)	
12	Cleaning and Sanitation	5,500,000	2,864,760	8,364,760	3,189,639	5,175,121	61.87	Overestimated, buildings not completed
13	Conferences, Workshops & Seminars	3,000,000	(1,000,000)	2,000,000	1,933,040	66,960	3.35	
14	Contracted Professional Fees	2,000,000	(200,000)	1,800,000	2,174,200	(374,200)	(20.79)	Increased demand for professional advise
15	Council Expenses	15,000,000		15,000,000	9,450,410	5,549,590	37.00	Due to reduced sub committee council meetings
16	Management Meetings	800,000	(500,000)	300,000	-	300,000	100.00	Control of expenditure strategy
17	Electricity Expenses	6,000,000	1,000,000	7,000,000	6,345,144	654,856	9.36	
18	Examinations Expenses	13,000,000	(1,000,000)	12,000,000	9,935,578	2,064,422	17.20	Control of expenditure strategy
19	External Travel & Accommodation	1,000,000	(750,000)	250,000	-	250,000	100.00	Control of expenditure strategy
20	External examination expense	1,000,000		1,000,000	465,388	534,612	53.46	Timing of External Examiners
21	Field Courses	1,000,000	1,000,000	2,000,000	1,169,976	830,024	41.50	Limited Funds
22	Funeral Expenses/Staff Welfare	2,500,000	(1,500,000)	1,000,000	163,250	836,750	83.68	Provision higher than actual
23	Security Expenses	6,000,000	(600,000)	5,400,000	3,209,182	2,190,818	40.57	Limited Funds
24	Insurance (Students) Premium	2,500,000	500,000	3,000,000	3,355,008	(355,008)	(11.83)	Number of students increased
25	KUCCPS Expenses	3,000,000		3,000,000	32,550	2,967,450	98.92	Limited Funds
26	Regulatory Bodies Expenses	1,000,000	-	1,000,000		1,000,000	100.00	Offering KU programmes
27	Laboratory Tools, Glassware & Apparatus	5,000,000		5,000,000	1,867,550	3,132,450	62.65	Limited Funds
28	Land Rent and Rates	200,000		200,000	-	200,000	100.00	Not yet applicable
29	Library Books, Journals & Materials	35,000,000	(2,000,000)	33,000,000	1,023,000	31,977,000	96.90	Limited Funds
30	Local Air Travel	1,000,000	(750,000)	250,000	-	250,000	100.00	Limited Funds
31	Medical (Students) Expenses	4,000,000	(2,000,000)	2,000,000	2,222,003	(222,003)	(11.10)	Increased number of students
32	Motor Vehicles Fuel	3,000,000		3,000,000	1,997,463	1,002,537	33.42	Vehicles delivered late

MACHAKOS UNIVERSITY COLLEGE

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2016. (CONTINUED)

	Details	Original Budget	Adjustments	Final Budget	Actual	Variance	%variance	Remarks
33	Newspapers & Magazines	700,000	300,000	1,000,000	784,660	215,340	21.53	Increased number of beneficiaries and copies to the library
34	Office Tea Expenses	500,000		500,000	-	500,000	100.00	Limited Funds
35	Office Consumables	2,500,000	(1,000,000)	1,500,000	430,302	1,069,698	71.31	Limited Funds
36	Photocopy Services	200,000		200,000	88,830	111,170	55.59	Limited Funds
37	Senate and Senate Committees	100,000		100,000	213,949	(113,949)	(113.95)	Increased meetings of KU over charter requirements
38	Sports & Games	2,300,000		2,300,000	2,063,440	236,560	10.29	Increased number of games & fixtures
39	Office Stationery Expenses	8,000,000	5,410,330	13,410,330	10,153,528	3,256,802	24.29	Limited Funds
40	Students' Activities	2,000,000		2,000,000	3,255,281	(1,255,281)	(62.76)	Fire incident led to more activities to maintain situation
41	Subscriptions & Registration Fees	1,000,000		1,000,000	1,020,440	(20,440)	(2.04)	
42	Teaching Materials	12,000,000		12,000,000	7,948,638	4,051,362	33.76	Limited Funds
43	Telephone Expenses and Postage	1,000,000	(200,000)	800,000	726,982	73,018	9.13	
44	Motor Vehicles Maintenance	2,000,000	1,000,000	3,000,000	858,550	2,141,450	71.38	Limited Funds
45	Traveling and Accommodation	8,000,000	(1,000,000)	7,000,000	3,806,129	3,193,871	45.63	Limited Funds
46	Le Technisch Expenses	43,000,000	(17,269,608)	25,730,392	24,012,127	1,718,265	6.68	
47	Staff Development	3,000,000	(2,950,000)	50,000	-	50,000	100.00	Limited Funds
48	Academic Research	3,000,000	(1,500,000)	1,500,000	568,578	931,422	62.09	Limited Funds
49	Grounds Maintenance	1,000,000		1,000,000	213,186	786,814	78.68	Limited Funds
50	Catering Expenses	10,000,000		10,000,000	13,520,308	(3,520,308)	(35.20)	Rising cost of foodstuffs
51	Repairs and Maintenance	6,000,000	2,526,210	8,526,210	6,690,061	1,836,149	21.54	Limited Funds
52	Accommodation/Boarding facilities	1,000,000		1,000,000	4,000	996,000	99.60	Limited Funds
53	Plant & Equipment Maintenance	500,000		500,000	289,458	210,542	42.11	Limited Funds
54	Industrial Linkages	500,000		500,000	-	500,000	100.00	Limited Funds
55	University Committee Expenses	1,000,000	1,200,000	2,200,000		2,200,000	100.00	Limited Funds
56	Marketing & Publicity	8,500,000	(4,600,000)	3,900,000	1,043,200	2,856,800	73.25	Limited Funds

MACHAKOS UNIVERSITY COLLEGE

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2016. (CONTINUED)

	Details	Original Budget	Adjustments	Final Budget	Actual	Variance	%variance	Remarks
57	Academic dress	-	4,800,000			-		
58	Staff Uniforms	500,000		500,000	-	500,000	100.00	Limited Funds
59	ISO Expense	500,000	700,000	1,200,000	833,110	366,890	30.57	Limited Funds
60	Graduation & public ceremonies expense	-	(4,800,000)	(4,800,000)		(4,800,000)	100.00	There was no graduation
61	Official Entertainment	2,000,000	(2,000,000)	-	-	-	-	
62	Curriculum Development	500,000	(500,000)	-	-	-		Limited Funds
63	UCAB Expense	700,000	-	700,000	-	700,000	100.00	Limited Funds
64	CUE expenses	2,000,000	500,000	2,500,000	2,557,000	(57,000)	(2.28)	
65	Health Care services (Staff medical)	30,000,000		30,000,000	29,145,557	854,443	2.85	
66	Strategic Plan Activities	2,000,000	(500,000)	1,500,000		1,500,000	100.00	Limited Funds
67	University Charter Award	3,000,000	6,000,000	9,000,000	9,943,134	(943,134)	(10.48)	Increased activities
68	Internet & Sms (ICT Maintenance)	7,000,000		7,000,000	6,293,549	706,451	10.09	Increased demand for internet services
69	Hire of Facilities	2,500,000	(1,500,000)	1,000,000	1,941,550	(941,550)	(94.16)	Increased activities
70	Students Attachment Expense	2,000,000	1,000,000	3,000,000	2,719,927	280,073	9.34	
71	Water & Conservancy	1,200,000	200,000	1,400,000	1,339,788	60,212	4.30	
72	Management Capacity building	2,000,000		2,000,000	-	2,000,000	100.00	Limited Funds
73	Vice Chancellors committees	500,000	(300,000)	200,000	-	200,000	100.00	Limited Funds
74	Exhibitions & Shows	2,000,000	(1,200,000)	800,000	523,505	276,495	34.56	Limited Funds
75	Student Work study	1,200,000	(800,000)	400,000	125,415	274,585	68.65	Limited Funds
76	Association of governing council	2,000,000	(500,000)	1,500,000	356,418	1,143,582	76.24	Limited Funds
77	C B A Arrears refund	2,000,000	(2,000,000)	-	-	-	-	
78	Sundry Creditors	30,000,000	20,000,000	50,000,000	21,200,709	28,799,291	57.60	Limited Funds
79	Assets / Property Insurance	-	1,600,000	1,600,000	1,871,200	(271,200)	(16.95)	Three new vehicles delivered
	Total Operations & Maintenance	325,100,000		325,100,000	209,975,834	115,124,166		
	Total Recurrent Expenditure	869,595,529		869,595,529	719,491,402	150,104,127		

MACHAKOS UNIVERSITY COLLEGE

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2016. (CONTINUED)

	Details	Original Budget	Adjustments	Final Budget	Actual	Variance	%variance	Remarks
	CAPITAL EXPENDITURE							
80	WIP-Lecture Theatre & C/room Phase 2	10,400,000	65,000,000	75,400,000	119,120,364	(43,720,364)	(57.98)	GOK funding and contractor's speed to meet the deadline
81	Extension of ADB Building	50,000,000	(30,000,000)	20,000,000	449,000	19,551,000	97.76	Reduced GOK funding
82	Master Plan	2,000,000		2,000,000	-	2,000,000	100.00	Reduced GOK funding
83	Masinga TTI Project	29,886,303		29,886,303	28,885,935	1,000,368	3.35	
84	Furniture & Fittings	4,000,000		4,000,000	29,819,078	(25,819,078)	(645.48)	More Assets purchased were budgeted under Completion of Hospitality Training Hotel Vote but reclassification of asses done at year end
85	ICT Infrastructure & Computers	10,604,117		10,604,117	14,647,203	(4,043,086)	(38.13)	
86	Renovation of Buildings	15,000,000		15,000,000	-	15,000,000	100.00	Limited Funds
87	Completion of hospitality Training Hotel	75,000,000	(62,569,607.66)	12,430,392	1,590,167	10,840,225	87.21	Reduced GOK funding
88	Laboratory Tools & Equipment	10,000,000		10,000,000	-	10,000,000	100.00	Limited Funds
89	Office Equipments	2,000,000		2,000,000	115,394	1,884,606	94.23	Limited Funds
90	Motor Vehicles	15,000,000	300,000	15,300,000	14,472,661	827,339	5.41	
91	Lift-Training Facility	10,000,000		10,000,000	40,000	9,960,000	99.60	Limited Funds
92	Security & Sreet Lighting	4,000,000		4,000,000	-	4,000,000	100.00	Limited Funds
93	Borehole and Accessories	4,000,000		4,000,000	-	4,000,000	100.00	Limited Funds
94	Completion of Comp. lab & New Offices	12,000,000		12,000,000	69,150	11,930,850	99.42	Reduced GOK funding
95	Land	-	10,000,000	10,000,000		10,000,000	100.00	Limited Funds
	Total Development Expenditure	253,890,420		253,890,420	209,208,952	44,681,468		
	Grand Total	1,123,485,949		1,123,485,949	928,700,354	194,785,595		

NB: Only the variances above 10% have been explained.

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

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). The University adopted IPSAS in the year 2014 following the Gazettment of the Public Sector Accounting Standard Board (PSASB), which was established by the Public Financial Management Act (PFM) No 18 of 24th July 2012. PSASB issues financial reporting standards and guidelines to be adopted by the state organs and public entities. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue Recognition

i) Revenue from non -exchange Transactions-IPSAS 23

Government grants and donations are recognized when received and the asset recognition criteria are met. Values for grants and donations related to property, equipment and other assets are estimated by the University College or as advised by donors.

Donations in kind of current nature are recognized in the year received and categorized as inventories while those of capital nature are prorated in their useful life in a systematic manner and categorized as deferred income in the financial statements in accordance with IPSAS 23.

ii) Revenue from exchange Transactions-IPSAS 9

Fees and other incomes are recognized as and when received and balance accrued at the end of the financial year. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

b) Budget Information-IPSAS 24

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

c) Property, Plant and Equipment-IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on straight line basis over the estimated useful lives of the assets.

The annual rates in use are:

Land	0%
Buildings	2.5%
Motor vehicles	25%
Property, plant & Equipment	12.5%
Computers & Computer Software	33.33%
Library books	20%
Loose Tools	12.5%

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

d) Inventories-IPSAS 12

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Nature and purpose of Reserves

The Entity creates and maintains reserves in terms of specific requirements. -The reserves are maintained to cater for assets replacement, settlement of bad and doubtful debts, and any other contingency.

f) Changes in accounting policies and estimates – IPSAS 3

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

g) Employee benefits-IPSAS 25

Retirement benefit Plans

The University College established a defined contributions benefits scheme by the name Machakos University Retirement Pension Scheme under the custodian of Liberty pension services, where employees' contributions are channeled to.

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

h) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

Members of key management are regarded as related parties and comprise the top management team, the Council Committee members, state Department of Education, Science and Technology, National Treasury. These parties offer managerial, advisory and regulatory services.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, M-pesa and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

j) Comparative figures

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

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

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

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions:

Provision for Doubtful debts policy

- A provision of 50% of any uncollected debt that is outstanding for 5 years and above as a doubtful debt is provided.

l) The Accounts Receivables

- The Accounts receivables are stated at their nominal value.

m) Accounts Payables

- The Accounts payables are stated at their nominal value.

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

n) Deferred Income

-Deferred income arises as a result of donation in kind of fixed assets from Netherlands that are amortized annually at a rate of 12.5%.

o) Capital Reserves

Capital reserves recognized in the financial statements comprises of development grants from the ministry and revaluations of property, plant and equipment

p) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June, 2015.

q) Corporate Tax

Machakos University College is exempted from paying corporate tax.

r) Financial Risk Management

The University College values risk Management as an integral part of the University College operations. Risk is assessed as part of both strategic and operational decision making. This encompasses the scrutiny and proactive oversight of a number of key elements of the University College operations including Credit risk, Liquidity risk and market risk.

a) Credit Risk- The major internal source of income for the University is student fees. There is the risk that the students will transfer for reasons like deferment, health among others. There is the risk that due to financial difficulties incurred; the students will fail to pay the fees in time this will in turn affect the University operations.

b) Liquidity Risk- There is the risk that the University College will not be able to undertake the projects which have been planned for if there is delay in disbursement of government grants

c) Market Risk-There is the risk that the University College will be forced to spend more for goods and services required to run the University as a result of inflationary trends in the economy.

MACHAKOS UNIVERSITY COLLEGE

XVI.NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

3. NON-CURRENT ASSETS.

Property Plant & Equipment Schedule for 2015/2016.

	LAND	BUILDINGS	WORK IN PROGRESS	MOTOR VEHICLES	COMPUTERS & SOFTWARE	FURNITURE & EQUIPMENT	LOOSE TOOLS	LIBRARY BOOKS	TOTALS
	KSH	KSH	KSH	KSH	KSH	KSH	KSH	KSH	KSH
DEPRECIATION RATES	-	2.50%	-	25%	33.33%	12.50%	12.50%	20%	
<u>COST/ VALUATION</u>									
AS AT 1ST JULY 2014	606,200,000	758,835,000	24,888,473	20,906,000	25,412,447	133,540,932	403,832	12,279,670	1,582,466,354.0
ADDITIONS	-	4,400,141	54,423,504	-	8,412,666	10,298,838	17,030	2,706,257	80,258,436
As at 30th June 2015	606,200,000	763,235,141	79,311,977	20,906,000	33,825,113	143,839,770	420,862	14,985,927	1,662,724,790
ADDITIONS	-	-	119,569,364	14,472,661	14,647,203	29,974,472	-	888,920	179,552,620
As at 30th June 2016	<u>606,200,000</u>	<u>763,235,141</u>	<u>198,881,341</u>	<u>35,378,661</u>	<u>48,472,316</u>	<u>173,814,242.1</u>	<u>420,862</u>	<u>15,874,847</u>	<u>1,842,277,410</u>
<u>DEPRECIATION</u>									
AS AT 1ST JULY 2014	-	28,726,938	-	9,200,500	12,985,984	32,413,227	100,958	3,138,323	86,565,929
CHARGE FOR THE YEAR 2014/2015	-	19,080,879	-	5,226,500	11,273,910	17,979,971	52,608	2,997,185	56,611,053
As at 30th June 2015	-	47,807,817	-	14,427,000	24,259,894	50,393,198	153,566	6,135,508	143,176,982
CHARGE FOR THE YEAR 2015/2016	-	19,080,879	-	8,844,665	16,155,823	21,726,780	52,608	3,174,969	69,035,724
Accumulated Depreciation	<u>-</u>	<u>66,888,695</u>	<u>-</u>	<u>23,271,665</u>	<u>40,415,717</u>	<u>72,119,978</u>	<u>206,174</u>	<u>9,310,478</u>	<u>212,212,706</u>
<u>NET BOOK VALUES</u>									
AS AT 30TH JUNE 2016	<u>606,200,000</u>	<u>696,346,445</u>	<u>198,881,341</u>	<u>12,106,996</u>	<u>8,056,599.33</u>	<u>101,694,264.08</u>	<u>214,689</u>	<u>6,564,369</u>	<u>1,630,064,704</u>
AS AT 30TH JUNE 2015	<u>606,200,000</u>	<u>715,427,324</u>	<u>79,311,977</u>	<u>6,479,000</u>	<u>9,565,219</u>	<u>93,446,572</u>	<u>267,296</u>	<u>8,850,419</u>	<u>1,519,547,807</u>

NOTE: During the year under review, Property estimated at Ksh.5,442,260.00 was destroyed by fire. The University is in the process of valuing all its assets after which the fair value will be ascertained.

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

4. INVENTORIES

STOCKS -INVENTORIES

	2015-2016	2014-2015
	Ksh	Ksh
Kitchen Consumables	174,493	175,001
Central Stores	3,554,757	4,622,114
Closing Stocks- Le Technisch	538,377	437,389
Total	4,267,627	5,234,504

5. TRADE AND OTHER RECEIVABLES

	2015-2016	2014-2015
	Kshs.	Kshs.
(a)		
<u>Exchange Transactions</u>		
Student fee arrears	111,199,244	74,571,056
Trade Debtors	21,332,198	7,512,204
	132,531,442	82,083,260
Provision for Doubtful debts (50% *8,604,449)	(4,302,225)	(9,829,948)
	128,229,217	72,253,312
(b)		
<u>Non-Exchange Transactions</u>		
Outstanding Imprests	728,854	1,244,484
Staff Welfare Advance	122,400	-
	851,254	1,244,484
Total	129,080,471	73,497,796

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

6(a) CASH & BANK BALANCES

			2015-2016	2014-2015
			Kshs.	Kshs.
Cash in Hand and M-Pesa A/c			1,868,866	623,811
<u>Banks</u>	<u>Branch</u>	<u>Account No.</u>		
Standard Chartered:				
Standard Chartered Bank	Machakos	0102016845600	71,341	83,166
Standard Chartered Bank	Machakos	0102016845602	613,838	3,521,254
Standard Chartered Bank	Machakos	0152016845600	343,377	286,088
Standard Chartered Bank	Machakos	0152016845602	3,106,881	5,740,647
			<u>4,135,437</u>	<u>9,631,155</u>
National Bank:				
National Bank of Kenya	Machakos	01020078499400	-	522,096
National Bank of Kenya	Machakos	01020078499401	3,368,195	-
National Bank of Kenya	Machakos	01020078499402	54,766,113	41,735,374
			<u>58,134,308</u>	<u>42,257,470</u>
Kenya Commercial Bank:				
Kenya Commercial Bank	Machakos	1137145064	-	1,507,266
Cooperative Bank of Kenya:				
Cooperative Bank of Kenya	Machakos	01129277651100	-	547,413
Short-Term Deposits:				
National Bank of Kenya	Machakos	01329078499403	-	50,000,000
Total			64,138,611	104,567,115

6(b) BANK ACCOUNTS WITH OVERDRAWN CASHBOOK

			2015-2016	2014-2015
			Kshs.	Kshs.
<u>Banks</u>	<u>Branch</u>	<u>Account No.</u>		
National Bank of Kenya	Machakos	01020078499401	-	32,575,726
National Bank of Kenya	Machakos	01020078499400	1,887,903	-
Kenya Commercial Bank	Machakos	1137145064	1,374,290	-
Cooperative Bank of Kenya	Machakos	01129277651100	1,243,251	-
			<u>4,505,444</u>	<u>32,575,726</u>
Totals			59,633,167	71,991,389

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016.

7. CAPITAL RESERVE

	2015-2016	2014-2015
	Kshs.	Kshs.
Balance as at 1st July 2014/2015	1,701,424,562	1,516,797,895
Capital Grants for the year: (Annex I)	127,212,506	184,626,667
Total	1,828,637,068	1,701,424,562

8. (a) REVENUE RESERVE

	2015-2016	2014-2015
	Kshs.	Kshs.
Balance B/f	(153,242,115)	(21,724,504)
Surplus/Deficit for the year	10,798,807	(131,517,611)
Balance as at 30th June 2015/2016	(142,443,308)	(153,242,115)

8. (b) DEFERRED INCOME

	2015-2016	2014-2015
	Kshs.	Kshs.
Equipments from Netherlands Bal. as at 01/07/2014-2015	15,591,270	18,709,524
Loose Tools Donated Bal. Capitalised	-	-
Amortization for June 2015 & 2016 (24,946,032 @12.5%)	(3,118,254)	(3,118,254)
Balance as at 30th June 2015/2016	12,473,016	15,591,270

NOTE: Donated Assets in the year 2012/2013 comprised of;

- 1) Equipments from Netherlands Ksh 24,542,200.00
- 2) Loose Tools from Netherlands Kshs 403,832.00

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

9. TRADE & OTHER PAYABLES

	2015-2016	2014-2015
	Kshs.	Kshs.
Sundry trade payables	24,235,677	20,845,154
Prepaid fees	12,000,826	15,895,867
Refundable Caution fees	17,955,700	9,849,100
Audit fees	1,960,000	1,000,000
Leave Allowance Payable	1,488,124	1,374,823
Unallocated Sponsorship Funds	1,268,500	-
Staff fees Deducted through Payroll	20,000	-
Gratuity expense Payable	65,450,366	57,532,835
(57,532,835+10,499,387-2,581,856)		
Total	124,379,193	106,497,779

10. GOVERNMENT GRANTS

	2015-2016	2014-2015
	Kshs.	Kshs.
Recurrent Grants	358,962,673	290,283,563
	358,962,673	290,283,563

11. GRANTS IN KIND

	2015-2016	2014-2015
	Kshs.	Kshs.
Furniture, Fittings & Equipment (24, 542, 200 x 12.5%)	3,067,775	3,067,775
Donated Loose Tools (403,832 x12.5%)	50,479	50,479
Total	3,118,254	3,118,254

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

12. TUITION & OTHER RELATED INCOMES

(a) OPERATIONS & MAINTAINANCE

	2015-2016	2014-2015
	Kshs.	Kshs.
<u>VOTEHEAD</u>		
Repairs, Maintenance & Improvements	516,000	941,300
Electricity Water & Conservancy	688,000	1,274,990
Contingencies	257,600	479,650
Parents Teachers Association	9,300	64,320
Local Transport & Travelling	268,605	481,770
General damages	29,499,764	1,652,884
Material development	5,682,563	2,560,100
Sub Total	36,921,832	7,455,014

(b) ADMINISTRATIVE & ACADEMICS

		2014-2015
		Kshs.
Tuition fee	165,313,291	75,337,335
Catering	9,500,337	9,364,944
Boarding	4,819,847	2,603,116
Teaching, Equipment & Registry	860,000	1,579,096
Activity fee	7,795,100	4,127,845
Directorate of Industrial Training	-	3,150
Integrated Computer Technology	9,177,500	52,960
Industrial Attachment & Insurance	765,360	4,271,825
Kenya Accountancy & Sec. National Exam. Board	3,000	48,875
Kenya National Examinations Council Fee	5,182,543	5,189,481
Library fee	5,456,330	3,566,851
Medical fee	12,671,200	5,297,913
Machakos Tech. Training Institute Students Ass.	-	32,670
Machakos University Students Association	-	3,937,050
Computer Project fee	17,832,680	13,151,857
Registration fee	8,510,100	3,580,781
Statutory charges	168,000	246,510
Examinations fee	25,210,300	11,396,653
Fee Arrears	72,038	1,107,270
Application fee	1,006,415	941,745

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

	2015-2016	2014-2015
	Kshs.	Kshs.
Centre fees	51,700	163,450
Students projects	531,000	1,234,490
Students Identity Cards	1,412,400	1,111,500
Attachment Fee	8,806,782	194,830
Students Insurance fee	6,028,900	-
Admission fee	5,490,500	69,000
Supervision Fee	24,000	12,000
Re-Take Fee	93,889	14,867
Service Gratuity	259,300	492,350
Personal Emoluments	2,348,081	4,060,785
Fees Receivable	-	24,507,893
Teaching Practice fee	8,433,654	-
Quality Assurance fee	4,232,150	-
Sub Total	312,056,397	177,699,092
 TOTALS	 348,978,229	 185,154,106

13. I.G.A AND OTHER INCOMES

	2015-2016	2014-2015
<u>VOTEHEAD</u>	Kshs	Kshs
Le Technisch Restaurant	59,216,554	50,430,308
Production Unit -Food & Beverage	244,820	312,879
Production Unit -Clothing &Textile	-	1,350
Production Unit -Communication & Liberal Studies	-	1,450
Livestock	-	153,540
Auction	35,610	135,540
Seminar	516,400	7,690,069
Hire of facilities	325,500	123,450
Interest – Fixed Account	2,648,630	3,738,489
Rent	610,000	2,918,920
Tender Fee	52,000	118,000
Misceleneous Income	23,400	-
Total	63,672,914	65,623,995

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

14. PERSONNEL EMOLUMENTS

	2015-2016	2014-2015
	Kshs	Kshs
Gross pay (Staff Payroll)	458,365,213	402,311,756
Provision for Leave expense	1,488,124	1,374,823
Provision for Gratuity expense	10,499,387	23,386,419
Part-Time lecturers	25,760,449	13,716,335
Casual wages	11,348,793	7,589,532
Other staff allowances (staff Costs)	2,053,603	5,228,311
Total	509,515,569	453,607,176

As at 30th June 2016, the total number of staff stood at 414 compared to 387 as at 30th June 2015. During the year, the University College recruited academic and non academic personnel, Part time Lecturers and Casuals hence increased the amount of Personnel emolument reported.

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

15. OPERATIONS AND MAINTENANCE EXPENSES

<u>VOTEHEAD</u>	2015-2016	2014-2015
	Ksh	Ksh
Water & Conservancy	1,339,788	934,572
Staff welfare	163,250	284,250
Cleaning & Sanitation	3,189,639	2,191,689
Ground Maintenance	213,186	256,513
Motor Vehicles Maintenance	858,550	1,443,196
Electricity	6,345,144	4,288,681
International Standards of Organizations(ISO)	833,110	423,989
Travelling & Accommodation expenses	4,043,150	4,226,049
Newspapers & Magazines	784,660	879,608
Professional fees	2,134,200	2,233,175
Subscriptions & Registration Fees	1,020,440	181,460
Telephone & Postage	726,982	788,123
Committees Expenses	-	20,750
Motor vehicles & Generator fuel expenses	1,997,463	1,907,708
Office Consumables	430,302	841,088
Office Stationeries	10,153,528	5,162,437
Security Expenses	3,209,182	1,474,996
Bank Charges	1,061,579	808,918
Audit fees	960,000	580,000
Repairs and Maintenance	6,690,061	7,752,957
Photocopy Expenses	88,830	58,118
Hire of Facilities expenses	1,941,550	2,652,400
Entertainment expenses	40,000	580,200
Office Tea Expense	-	4,038
ICT Equipment,Computers & Software Maintenance	1,325,802	1,525,447
Equipment Maintenance	289,458	129,681
Land Rent & Rates	-	73,854
University Charter Award expenses	9,943,134	960,000
Health care services	29,145,557	21,221,763
External Travelling	-	58,932
Interest Tax Expense	397,295	560,773
Marketing & Publicity Expense	1,043,201	196,650
Furnishing Training Facility	1,590,167	2,976,250
Change in Inventories	966,877	(1,423,764)
Furnishing Computer Lab & ADB Offices	69,150	-
Property Insurance	1,871,200	-
Total	94,866,433	66,254,501

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

16(a) ADMINISTRATIVE AND ACADEMIC EXPENSES

<u>VOTEHEAD</u>	2015-2016	2014-2015
	Kshs	Kshs
Teaching Materials and Expenses	7,948,638	3,633,477
Catering expenses	13,520,308	17,479,469
Boarding/Accommodation expenses	4,000	14,900
Students Activities expenses	722,310	2,347,174
Integrated Computer Technology (Internet expenses)	4,967,747	3,048,351
Insurance (Students) expenses	3,355,008	2,290,732
Attachment expenses	2,719,927	675,028
Kenya Accountancy & Secretariat National Examinations	-	78,050
Kenya National Examinations Council expenses	-	12,486,009
Library expenses	134,080	471,050
Medical (Students) expenses	2,222,003	1,028,816
Advertisement expenses	2,878,365	2,741,269
Examinations expenses	9,935,578	975,130
Academic Research Expenses	568,578	-
Field courses expenses	1,169,976	109,550
Students Identity Cards	-	674,000
Machakos University Students Association	2,532,971	3,364,325
Sports & Games	2,063,440	1,845,905
Exhibitions & Shows	523,505	555,422
Personnel Emoluments (Note 14)	509,515,569	453,607,176
Students Work Study expenses	125,415	-
Laboratory Apparatus & Consumables	1,867,550	-
KUCCPS expenses	32,550	-
Senate & Senate Committees expenses	213,949	-
External examinations expenses	465,388	-
Commission for University Education expenses	2,557,000	-
Association of Government Council expenses	356,418	-
Sub Total	570,400,273	507,425,833

16(b) COUNCIL EXPENSES

Sitting Allowances	3,955,000	5,540,000
Mileage Allowances	987,824	1,239,455
Subsistence Allowances	2,360,800	598,000
Honoraria and Telephone	1,044,000	1,044,000
Lunch Allowances	308,000	256,000
Others	557,765	697,048
Sub Total	9,213,389	9,374,503
TOTALS (16a+16b)	579,613,662	516,800,336

MACHAKOS UNIVERSITY COLLEGE

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016.

17. OTHER EXPENSES

<u>VOTEHEAD</u>	2015-2016	2014-2015
	Kshs	Kshs
Livestock	-	29,610
Conferences, Workshops and Seminars	1,933,040	3,660,338
Le Technisch Expenses	24,012,127	22,507,363
Loss on disposal of Biological Assets	-	4,380
Total	25,945,167	26,201,691

MASINGA PROJECT

Machakos University College is mentoring Masinga Technical Training Institute. During the year, the Government channeled Development funds for the Institute totalling to Khs 31,706,240 as indicated at annex 1. These funds were accounted for as follows;

	2015-2016	2014-2015
	Kshs	Kshs
Bank Balance as at 1st July 2014/ 2015	13,660,144	-
Total Receipts and Interest	31,921,418	21,250,000
TOTALS	45,581,562	21,250,000
Payments to the Projects	(28,885,935)	(7,626,812)
Expected Cash & Bank Balance	16,695,627	13,623,188
Actual Cash & Bank Balance	16,695,627	13,660,144
Expenditure financed by Muc	-	(36,956)

MACHAKOS UNIVERSITY COLLEGE

ANNEX 1

CAPITAL RESERVES

Capital grants received during the year are as follows

MONTH/YEAR	REF.	2015/2016 Ksh	2014/2015 Ksh
MAY 2016	M.O.E.S.T	102,730,000	77,730,000
JUNE 2016	M.O.E.S.T	24,482,506	77,730,000
APRIL 2015	M.O.E.S.T	-	29,166,667
TOTAL		127,212,506	184,626,667

MASINGA PROJECT

Machakos University College is mentoring masinga Technical Training Institute. The following Development grants were received during the year for construction of Masinga Technical Training Institute.

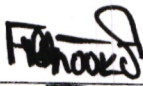
MONTH/YEAR	REF.	2015/2016 Ksh	2014/2015 Ksh
21-Aug-2015	Masinga CDF	10,000,000.00	16,500,000
26-Feb- 2016	Ministry Of Science & Technology	5,300,451.00	250,000
03-Mar-2016	Ministry Of Science& Technology	16,405,789.00	4,500,000
		31,706,240	21,250,000
20-June 2016	Fixed Deposit A/c Interest	215,178.10	-
	Total	31,921,418	21,250,000

MACHAKOS UNIVERSITY COLLEGE

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

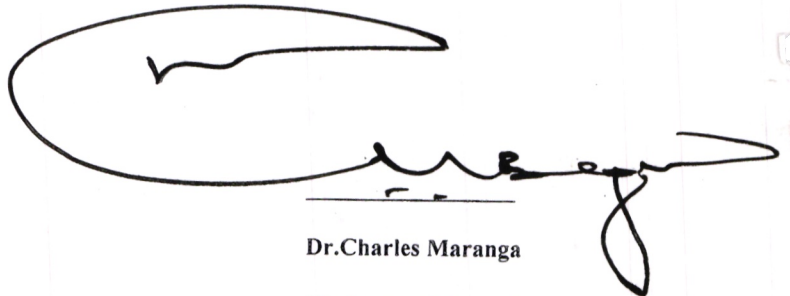
Reference no. on the external audit report	Issue/Observations from auditor	Management comments	Focal point person to resolve the issue(Name and Designation)	Status : (Resolved /Not Resolved)	Time frame: (put a date when you expect the issue to be resolved)
N/A	Other Matter-Increased deficit hence reduced Revenue reserves.	Management to explore more opportunities to increase revenue and control expenditure.	Prof. Francis M. Mathooko (Principal)	In Progress	In the next 6 to 7 years.



Prof. Francis M. Mathooko

Principal

Date 02.02.2017



Dr. Charles Maranga

Chairman of Council

Date 02.02.2017