

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT OF  
THE  
AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CO-OPERATIVE COLLEGE OF KENYA  
FOR THE YEAR ENDED  
30 JUNE 2012**

# CO-OPERATIVE COLLEGE OF KENYA



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## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR

ENDED

30<sup>th</sup> JUNE 2012

## **INSTITUTIONAL DETAILS**

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Co-operative College of Kenya  
L. R. NO. 23134/1, Karen  
23134/2,  
Ushirika Road  
P O Box 24814 00502  
**KAREN NAIROBI**

#### **Bankers**

Standard Chartered Bank  
Karen Branch  
P.O. Box 24601 00502  
**KAREN NAIROBI**

Co-operative Bank  
University Way Branch  
P O Box 60800 00200  
**NAIROBI**

#### **Chief Executive Officer**

Dr. Esther N. Gicheru (Mrs.) HSC  
P O Box 24814 00502  
**KAREN NAIROBI**

#### **Auditors**

The Auditor General  
Kenya National Audit Office  
Anniversary Towers  
P O Box 30084 00100  
**NAIROBI**

# **CO-OPERATIVE COLLEGE OF KENYA**

## **BRIEF HISTORICAL BACKGROUND OF THE COLLEGE**

The Co-operative College of Kenya which is the highest training institution for Co-operatives in Kenya was established in 1952 at Lower Kabete, and moved to its current location, Langata in 1970. From its inception, the College was operating as a Department of the Ministry of Co-operative Development until 1<sup>st</sup> July 1998, when it was established as a Body Corporate through the Co-operative College of Kenya Act; cap 490A (revised 1996).

Since November, 2011 college status changed to University College status through legal order No 161 dated 4<sup>th</sup> November 2011 and moved to ministry of Higher Education Science and Technology. The college remains the main training agency for the co-operatives both nationally and internationally.

It provides broad managerial and supervisory skills that would contribute more effectively to the development of co-operatives in Kenya in line with the social pillar of vision 2030.

The management, control and administration of the College are vested in the College Governing Council.

## CO-OPERATIVE COLLEGE OF KENYA

### THE GOVERNING COUNCIL

The Council comprises of 12 members. Among them, the Chairman is appointed by the Minister in charge of Co-operatives. Five members are nominated from the Co-operative Movement through a meeting organized by Co-operative Alliance of Kenya (CAK), Permanent Secretaries in Ministries of Finance and Co-operative Development and Marketing, Managing Director, Co-operative Bank of Kenya, Chairman, Co-operative Alliance of Kenya (CAK), Secretary to the Commission for Higher Education, and the College Director who is the Chief Executive Officer and the Secretary. The Vice Chairman is elected from amongst the members during the first Council meeting.

The Council members who served during the year under review were as follows:-

1. Mr. Silas Esiromo- HSC -Chairman
2. Mr. Gideon Muriuki-OGW -M.D. Co-operative Bank, V/Chairman
3. Mr. Joseph Kinyua-CBS -Permanent Secretary Treasury
4. Mr. Seno Nyakenyanya, CBS -Permanent Secretary Ministry of Co-op Dev & Marketing
5. Prof. Evereth Standa -Secretary, Commission for Higher Education
6. Mr. Stanley Muchiri -Chairman Co-operative Alliance of Kenya
7. Mr. Henry Mwamba -Rep. Eastern & Coast region
8. Mr. Geoffrey Kosgei -Rep. Rift Valley region
9. Mr. John M. Machini -Rep. Nyanza & Western regions
10. Mr. Edward Mudibo -Rep. Nairobi Province
11. Mr. Christopher Karanja -Rep. Central & North Eastern Provinces
12. Dr. Esther N. Gicheru (Mrs.), HSC - Chief Executive Officer and Secretary to the Council

**Functions of the Council**

The functions and powers of the Council as stipulated in Section 8 of the Co-operative College of Kenya Act CAP 490A are as follows:-

- (a) To administer the property and funds of the College in a manner and for purposes which shall promote the interest of the College;
- (b) To receive gifts, donations, grants or other moneys on behalf of the College;
- (c) To admit students to the College;
- (d) To determine the terms and conditions of service, including the appointment, dismissal, suspension, interdiction and retirement benefits of the members of staff of the College;
- (e) To determine the scales of fees payable by students at the College and to prescribe the conditions under which fees may be remitted in whole or in part;
- (f) To provide for the welfare of the students of the College and for the formation of the Students' Alumni Association;
- (g) To enter into association with universities, colleges and other institutions of higher learning, whether within or outside Kenya, as it may deem necessary and appropriate;
- (h) To make, after consultation with the Academic Board, rules governing the :-
  - (i) Conduct and discipline of students;
  - (ii) Conduct of examinations;
  - (iii) award of diplomas, certificates and other academic awards;
- (i) To establish departments and faculties of the College;
- (j) To award diplomas or certificates or make other academic awards;
- (k) To establish sub-committees of the Council

## CO-OPERATIVE COLLEGE OF KENYA

### Committees of the Council

To facilitate the discharge of its functions, the Council established committees to serve as forums through which issues affecting the members in their professional capacity are resolved. During the year under review the Council operated through 3 committees as follows:

(i) **Finance Committee - Members:**

- |                           |   |                        |
|---------------------------|---|------------------------|
| 1. Mr. Gideon Muriuki     | - | Chairman               |
| 2. Mr. Joel Mberia        | - | Member-Rep. CHE        |
| 3. Mr. Dr. E.N. Gicheru   | - | Member                 |
| 4. Mr. Daniel Maanzo      | - | Member-Rep. P/S MOCD&M |
| 5. Mr. John Mauti Machini | - | Member                 |

Responsible for:

- General financial administration of the College
- Budgetary estimates
- Approval of expenditure
- Ensuring compliance with budgetary provisions
- Source funds for the College

(ii) **Human Resource and Administrative Committee**

- |                         |   |          |
|-------------------------|---|----------|
| 1. Mr. Edward K. Mudibo | - | Chairman |
| 2. Mr. Daniel Maanzo    | - | Member   |
| 3. Mr. Geoffrey Kosgei  | - | Member   |
| 4. Dr. E. N. Gicheru    | - | Member   |

Responsible for:

- Academic Affairs
- Human Resource Matters
- General Policy Matters
- Administrative issues

(iii) **Audit Committee**

- |                               |   |                          |
|-------------------------------|---|--------------------------|
| 1. Mr. Christopher K. Karanja | - | Chairman                 |
| 2. Mr. Francis Munane         | - | Member –Rep. CAK         |
| 3. Mr. Duke Ongati            | - | Member-Rep. P/S Treasury |
| 4. Mr. Henry Riungu Mwanba    | - | Member                   |

**Technical Team to Audit Committee**

Head, of Internal Audit - Secretary,  
Head of Finance,  
Head of Accounting and  
Head of Procurement

Responsible for:

- (i) Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- (ii) Reviewing audit issues raised by both internal and external auditors.
- (iii) Resolving unsettled and unimplemented Public Accounts and Public Investment Committee's (PAC/PIC) deliberations.
- (iv) Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

The Chairman of the College Council may attend any of the Committee Meetings, if deemed necessary.

The Committees may co-opt any other member to advise on Technical areas, as need arises.

## **CO-OPERATIVE COLLEGE OF KENYA**

### **PRINCIPAL ACTIVITIES OF THE COLLEGE**

Within the Kenyan education sector, the Co-operative College of Kenya features as a middle level institution that provides in-service training to the co-operative movement and government staff. Its clients also, include pre-service candidates from secondary schools who are absorbed in the labour market after completion of their studies. Furthermore, the College provides consultancy and research services to the co-operative sector and related organizations. Specifically, the College is mandated to execute the following:-

- To provide co-operative education and training for various categories of personnel of the co-operative movement and government officers, and serve as a centre of academic excellence in the Co-operative movement in Kenya.
- To promote the development and expansion of opportunities for continuing education in co-operatives, management and finance as approved by the Academic Board.
- To provide consultancy services in co-operative management and other development areas relating to co-operatives.
- To undertake research in disciplines related to co-operative management either directly or through approved institutions.
- To conduct examinations and to award diplomas, certificates and make other academic awards of the College.
- To develop syllabi and curricula for co-operative education and training.
- To examine and make proposals for the establishment of constituent training centers, departments and faculties.
- To collaborate with other national and international co-operative colleges, and universities, and institutions in the field of co-operative education and training, in research and consultancy services and exchange programmes.

The mandate allows the College to provide holistic competence development services to the co-operative movement and the associative economy in general.

# CO-OPERATIVE COLLEGE OF KENYA

## CORPORATE GOVERNANCE STATEMENT

### Introduction:

The College is committed to good governance through its Council. In an effort to uphold this, the roles of every College organ are observed from the Council, management and down to the staff.

For effective and efficient systems and procedures, the Council continues to operate within the existing Finance and Accounting manuals, Procurement manual, Administrative Policies and Procedure manual and the Client Service Charter.

### Vision:

The College vision is ***"To be a recognized leader in the provision of Co-operative education and training and information for the co-operative movement and other stakeholders nationally and internationally."***

### Mission

***The Co-operative College of Kenya is a higher learning institution that pursues excellence in teaching, research, consultancy and development interventions in co-operatives and the associative economy in general to produce responsible leadership, competent staff and well informed members and general public capable of:***

- Providing leadership and guidance to the co-operative movement and other sectors of the associative economy.
- Offering expertise in areas of co-operative development.
- Appreciating and utilizing co-operatives as forms of business enterprises.
- Being responsive to the needs of the co-operative movement and other sectors of the associative economy nationally and internationally.

## CO-OPERATIVE COLLEGE OF KENYA

### MANAGEMENT

The management, control and administration of the College are vested in the College Council. The Director is the Chief Executive Officer with the overall responsibility for the direction, organization, control and administration of the College programmes, and responsible to the Council for the general conduct and discipline of the staff and the students.

The Director is assisted by a Deputy Director in charge of academic matters and a Deputy Director Finance and Administration who is responsible for finance and administrative matters. Academic matters are performed through four departments namely; management, Accountancy, Law, Education Media Services and Research and Consultancy. Finance and administrative matters are through units namely; Accounts, Procurement, Human Resources, General administration, Internal Audit and Co-operative Retreat and Conference Centre. The college has a limited company, Agri and co-operative Training and Training and Consultancy Services which acts as an agent in reaching to the grassroots pre-co-operative organizations.

There is an **Academic Board** which is composed of the Director, as Chairman, Deputy Director Academic as Secretary and members who include the Deputy Director Finance and Administration, all Heads of Departments and five lecturers elected by the teaching staff. This Board is responsible for advising the Council on academic matters and running of the College generally.

The College is ISO 9001:2008 certified. Its Diplomas are validated by the commission for Higher Education (CHE)

### CORPORATE SOCIAL RESPONSIBILITY

The College takes a keen responsibility to the community by taking an active role in the care for the community in the delivery of its services through prudent use of public resources.

Further to the above, various fees levels are pegged to various courses undertaken, but costs are kept at very reasonable rates for affordability by the majority, of the Kenyan population.

In the process of Co-operative members' education, most members of the society benefit though they may not be the direct beneficiaries.

Other concerns include visits to HIV/AIDS victims and orphans by the College students' community, and taking part in social activities directly and indirectly to positively affect the society.

The College has taken HIV/AIDS awareness very seriously and has continued to offer related programmes to students and staff.

## CO-OPERATIVE COLLEGE OF KENYA

### STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

The Co-operative College of Kenya Act CAP 490A requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College as at the end of each financial year and of its surplus or deficit for that year. The Council is required to ensure that the College maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the College. The Council is also responsible for safeguarding the assets of the College.

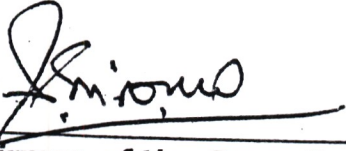
The Council accepts responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years, and in conformity with International Financial Reporting Standards and in the manner required by the Co-operative College of Kenya Act Cap 490A.

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 College as at 30<sup>th</sup> June, 2012 and of its deficit for the year then ended.

Nothing has come to the attention of the Council to indicate that the College will not remain as a going concern in the next accounting period.

This statement is signed on behalf of the council by:

**Mr.Silas Esiromo**

  
\_\_\_\_\_  
**Chairman of the Council**  
**Co-operative College of Kenya**

## CO-OPERATIVE COLLEGE OF KENYA

### THE DIRECTOR'S REPORT

The College managed its accounts prudently and adopted strict control measures on its expenditures while streamlining its operations to achieve the desired results. The institution received grants from Government of Kenya totaling Ksh **56,000,000/-** same as the previous financial year. The College generated income of Ksh **172,474,199** compared with Ksh **141,049,857/-** of previous financial year, registering an increase of Ksh. **31,424,342/-** which is **22%**.

The College has made a deficit of Ksh **41,775,028/-** compared to the previous year's deficit of Ksh **13,912,044/-** mainly due to increased expenditure as a result of the college transitioning to a University. The college has been expanding in activities and capacity while the Government grants remained stagnant hence affecting generation of revenue. Assets reduced from Ksh **561 million** in 2010/2011 to Ksh **555 million** during the year under review representing 1% decrease.

In line with the corporate strategic plan, the college in its efforts to advance its education and training in line with fast growing co-operative sector vigorously pursued the elevation of the college to university status and this was achieved vide legal order No. 161 of 4<sup>th</sup> November 2011 which established the college as a constituent college of Jomo Kenyatta University of Agriculture and Technology.

Weak financial base which is the main challenge of the college has made the terms and condition of service for staff unfavorable as they still remain below the civil service terms and conditions. To avert this situation there is need for the government to increase its support to the college both in recurrent and development budget until the college strengthens its financial base and contribute to the government vision 2030 on education, training and research for development. Further to this, it states that in partnership with private sector, the government will also increase funding to enable all these institutions to support activities envisaged under the economic pillar.

I therefore, submit the annual report and the financial statements of the College on behalf of the Chairman, Co-operative College of Kenya Council.

  
**DR. E.N GICHERU (MRS.) HSC**  
**DIRECTOR**

REPUBLIC OF KENYA

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NAIROBI



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON CO-OPERATIVE COLLEGE OF KENYA FOR THE YEAR ENDED 30 JUNE 2012

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Co-operative College of Kenya set out on pages 13 to 25, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

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

#### **Auditor-General's Responsibility**

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

reasonable assurance about whether the financial statements are free from material misstatement.

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

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

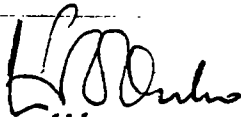
#### **Basis for Qualified Opinion**

##### **Financial Performance**

The Statement of Comprehensive Income for the year ended 30 June 2012 reflects a deficit of Kshs.41,775,028 (2011 - Kshs.13,912,044) thereby increasing accumulated deficit to Kshs.81,007,565 (2011 - Kshs.39,232,537). If strategies are not put in place to reverse the trend, the College may experience financial challenges.

##### **Qualified Opinion**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the College as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Co-operative College Act, Cap. 490A of the Laws of Kenya.



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

**Nairobi**

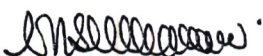
**8 May 2013**

**CO-OPERATIVE COLLEGE OF KENYA**

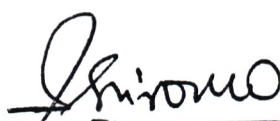
**STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012**

	NOTES	2011/2012 Ksh.	2010/2011 Ksh.
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	2	470,118,638	469,368,013
Work-in progress	3	31,126,126	10,149,798
Investment in ATC	4	2,825,530	2,825,530
		<b>504,070,294</b>	<b>482,343,341</b>
<b>CURRENT ASSETS</b>			
Inventories	5	2,055,947	1,960,563
Trade & Other Receivables	6	40,545,271	44,342,883
Cash and Cash Equivalents	7	8,798,612	32,935,376
		<b>51,399,830</b>	<b>79,238,822</b>
<b>TOTAL ASSETS</b>		<b>555,470,124</b>	<b>561,582,163</b>
<b>EQUITY AND LIABILITIES</b>			
<b>RESERVES</b>			
Capital Reserve Fund	8	617,901,139	588,398,517
Accumulated Deficit	9	(81,007,565)	(39,232,537)
		<b>536,893,574</b>	<b>549,165,980</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	10	18,576,550	12,416,183
		<b>18,576,550</b>	<b>12,416,183</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>555,470,124</b>	<b>561,582,163</b>

E.N GICHERU (MRS.)

  
 \_\_\_\_\_  
 DIRECTOR  
 Co-operative College of Kenya

SILAS  
 ESIROMO

  
 \_\_\_\_\_  
 Chairman of the Council  
 Co-operative College of Kenya

**CO-OPERATIVE COLLEGE OF KENYA**

<b>STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012</b>			
<b>DETAILS</b>		<b>2011/2012</b>	<b>2010/2011</b>
		<b>Ksh</b>	<b>Ksh</b>
<b>Income</b>			
Grants	11	71,419,566	66,945,513
Fees	12	93,305,038	81,084,045
Other income	13	29,398,378	25,566,99
<b>Total income on operating Activities</b>		<b>194,122,981</b>	<b>173,596,551</b>
<b>Expenditure</b>			
Personnel costs	14	98,626,330	82,803,863
Operating costs	15	112,635,385	83,482,648*
Expenses on Council & Conference	16	5,204,768	3,917,722
Increase in Provision for bad and doubtful debts		3,587,232	1,658,460
Finance Cost	21	518,383	442,667
Depreciation	2	15,035,911	14,953,234
Provision for audit fee	17	290,000	250,000
<b>Total expenditure</b>		<b>235,898,009</b>	<b>187,508,595</b>
<b>Deficit for the year</b>	18	<b>(41,775,028)</b>	<b>(13,912,044)</b>

**CO-OPERATIVE COLLEGE OF KENYA**

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDING 30TH JUNE, 2012**

	NOTES	2012	2011
		Ksh.	Ksh.
<b>Operating activities</b>			
Deficit for the year		(41,775,028)	(13,912,044)
Add: Depreciation charge for the Year	<b>2</b>	15,035,911	14,953,234
Less: Gain on disposal		(96,284)	(84,001)
Net cash from Operating activities		<b>(26,835,401)</b>	<b>957,189</b>
<b>Working Capital</b>			
Increase in Inventory		(95,384)	(344,757)
Increase in Receivables		3,797,612	(4,259,581)
Increase in payables		6,161,365	1,043,685
Net cash (decrease In) working capital		<b>9,862,593</b>	<b>(3,560,653)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	<b>2&amp;3</b>	(36,911,578)	(40,748,148)
Intangible Assets		-	(1,595,860)
Sale of property plant and equipment		245,000	168,500
Net cash (used in) Investing activities		<b>(36,666,578)</b>	<b>(42,175,508)</b>
<b>Financing Activities</b>			
Development Fund	<b>8</b>	29,502,622	52,332,223
Overdraft		-	(2,361,578)
Net cash (used in) financing activities		<b>29,502,622</b>	<b>49,970,645</b>
Decrease in cash and cash equivalents		<b>(24,137,762)</b>	<b>5,191,673</b>
<b>Movement in cash and cash equivalents</b>			
At start of Year		32,935,376	27,743,703
Decrease in cash and cash equivalents		<b>(24,136,764)</b>	<b>5,191,673</b>
At end of Year		<b>8,798,612</b>	<b>32,935,376</b>

**CO-OPERATIVE COLLEGE OF KENYA**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012**

<b>NOTES</b>	<b>Accumulated Deficit Ksh.</b>	<b>Capital Reserve fund Ksh.</b>	<b>Total Ksh.</b>
<b>Year ended 30th June, 2011</b>			
At start of year	(25,320,493)	536,066,294	<b>510,745,801</b>
Development Fund	-	52,332,223	<b>52,332,223</b>
Deficit for the Year	(13,912,044)	-	<b>(13,912,044)</b>
At end of Year	<b>(39,232,537)</b>	<b>588,398,517</b>	<b>549,165,980</b>
<b>Year ended 30th June, 2012</b>			
At start of Year	(39,232,537)	588,398,517	<b>549,165,980</b>
Development Fund		29,502,622	<b>29,502,622</b>
Deficit for the Year	(41,775,028)	-	<b>(38,187,796)</b>
At end of Year	<b>(81,007,565)</b>	<b>617,901,139</b>	<b>536,893,574</b>

# CO-OPERATIVE COLLEGE OF KENYA

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

### 1. ACCOUNTING POLICIES

#### a) Basis of preparation

The accounts of the College have been prepared under the historical cost convention which is in compliance with the International Financial Reporting Standards.

#### b) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Amortization of land is calculated on straight line method for land for 99 years leasehold while reducing balance method is used for other categories of assets and the applied depreciation rates are shown as below;

i)	Land	99years
ii)	Building	2.5%
iii)	Plant and Equipment	10%
iv)	Furniture and fittings	12%
v)	Motor Vehicle	25%
vi)	Tools	10%
vii)	Computers	30%

#### c) Inventories

Inventories are stated at lower of cost and net realizable value.

#### d) Revenue Recognition

Revenue is recognized on accrual basis in accordance with International Financial Reporting Standards

Grants Received from the government of Kenya is as per the printed estimates for the year 2011/2012

#### e) Cash and Cash equivalent

For the purposes of cash flow statement cash and cash equivalent comprises of cash at hand and deposits held with banks.

#### f) Comparatives

Where necessary, comparative figures, have been adjusted to conform to changes in the presentation for the current year.

#### g) Principal activities

The principal activity of the College is to provide cooperative education for various categories of the cooperative movement and the government officers, and to serve as centre of academic excellence in the cooperative movement in Kenya.

## CO-OPERATIVE COLLEGE OF KENYA

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

#### 2. PROPERTY, PLANT AND EQUIPMENT

Depreciation rate	Land	Building	Plant & Equipment	Furniture & Fittings	Computer	Motor Vehicles	Tools	Totals Ksh.
Cost	99 yrs	2.50%	10%	12.50%	30%	25%	10%	
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
Cost b/d 1st July 2010	115,000,000	372,710,830	20,321,660	16,979,613	8,236,931	19,174,014	4,074,125	556,497,173
Additions		33,903,226	674,772	3,502,438	1,800,939	-	866,773	40,748,148
Disposals	-	-	-	-	-	815,000	-	815,000
Cost c/d 30th June 2011	115,000,000	406,614,056	20,996,432	20,482,051	10,037,870	18,359,014	4,940,898	596,430,321
<b>Depreciation</b>								
Bal. b/d 1st July 2010	11,616,161	61,634,158	10,261,333	7,821,363	5,707,037	14,063,273	1,736,250	112,839,575
on disposals	-	-	-	-	-	730,501	-	730,501
charge for the year	1,161,616	8,624,497	1,073,510	1,582,586	1,299,250	891,310	320,465	14,953,234
Bal. c/d 30th June 2011	12,777,777	70,258,655	11,334,843	9,403,948	7,006,287	14,224,082	2,056,714	127,062,306
<b>Net book value</b>								
As at 30th June 2011	102,222,223	336,355,401	9,661,589	11,078,102	3,031,583	4,134,932	2,884,183	469,368,013
Cost b/d 1st July 2011	115,000,000	406,614,056	20,996,432	20,482,051	10,037,870	18,359,014	4,940,898	596,430,321
Additions		8,666,271	812,900	1,046,094	31,848	3,628,570	1,749,567	15,935,250
Disposals	-	-	-	-	-	2,550,000	-	2,550,000
Cost c/d 30th June 2012	115,000,000	415,280,327	21,809,332	21,528,145	10,069,718	19,437,584	6,690,465	609,815,571
<b>Depreciation</b>								
Bal. b/d 1st July 2011	12,777,777	70,258,655	11,334,843	9,403,948	7,006,287	14,224,082	2,056,714	127,062,306
on disposals	-	-	-	-	-	2,401,284	-	2,401,284
charge for the year	1,161,616	8,625,542	1,047,449	1,515,525	919,029	1,303,376	463,375	15,035,911
Bal. c/d 30th June 2012	13,939,393	78,884,197	12,382,292	10,919,473	7,925,316	13,126,174	2,520,089	139,696,933
<b>Net book value</b>								
As at 30th June 2012	101,060,607	336,396,130	9,427,040	10,608,672	2,144,402	6,311,411	4,170,376	470,118,638

I. Land of Ksh **115,000,000**. Is on leasehold of 99 (ninety nine) years since 01/04/2000 and has been amortized accordingly on straight-line basis.

**CO-OPERATIVE COLLEGE OF KENYA**

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012**

**3. WORK IN PROGRESS**

	<b>2011/2012 Ksh</b>	<b>2010/2012 Ksh</b>
Buildings	20,976,328	-
MIS	10,149,798	10,149,798
<b>Total</b>	<b>31,126,126</b>	<b>10,149,798</b>

The MIS of Ksh **10,149,798** is for acquisition of integrated management information system (MIS) software and licenses which has not been depreciated as the project is not complete.

4. The investment in Agri. and co-operative training and consultancy services (ATC) which was a department of the college and registered by certificate No.142828 as a company was as at 30th June 2007 worth Ksh **2,825,530** which was capital injected by Donor partners through the College and in these financial statements has been treated as balance carried down.

**5. INVENTORIES**

	<b>2011/2012 Ksh.</b>	<b>2010/2011 Ksh.</b>
Dry & perishable foods	715,282	734,081
Production materials	94,740	92,702
General Stationery	269,832	115,565
Cleaning materials	250,316	232,372
Electrical & Hardware	121,496	96,728
Drugs dispensary	413,481	475,210
Water Chemicals	190,800	171,125
Bar stock	-	42,780
	<b>2,055,947</b>	<b>1,960,563</b>

## CO-OPERATIVE COLLEGE OF KENYA

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

#### 6. TRADE & OTHER RECEIVABLES

	2011/2012 Ksh.	2010/2011 Ksh.
(c) fees outstanding	19,755,370	17,572,102*
Seminar Debtors	19,766,130	22,295,768
(d) Co-operative bank	1,800,000	1,800,000
Imprest outstanding	591,135	1,176,785
Dispensary bills outstanding	221,340	97,514
Salary advances outstanding	959,965	1,113,051
Deposits with suppliers	1,290,200	1,290,200
Rent & Water bills outstanding	925,120	174,220
(a) VAT Refund by Treasury	171,959	171,959
(b) Loss on exchange	309,744	309,744
(e) Provision for bad debts	(5,245,692)	(1,658,460)
	<b>40,545,271</b>	<b>44,342,883</b>

a) VAT refund by treasury is as a result of VAT charged to USAID project which is exempted from VAT.

b) Loss on exchange arose from fluctuation of exchange rates when USAID project ended. The management is recommending a write off of the loss to the board.

c) Fees outstanding are balances for students of main campus, town campus, degree program, Meru campus and Mombasa Campus.

d) The Ksh **1,800,000** with Co-operative bank is money that was debited to our fees account by the bank wrongly. The bank has been requested to credit the same amount back to our account.

e) Movement or provision for Seminar debtors.

	2011/2012 Ksh	2010/2011 Ksh
At Start of the Year	1,658,460	-
Provision for the Year	3,587,232	1,658,460
Received in the Year	-	-
	<b>5,245,692</b>	<b>1,658,460</b>

**CO-OPERATIVE COLLEGE OF KENYA**

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012**

**7. CASH AND CASH EQUIVALENT**

	<b>2011/2012</b>	<b>2010/2011</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Current A/c with Standard Chartered Bank	3,850,650	16,127,766
Current A/c with Co-operative Bank	1,257,616	472,500
Cash at hand	94,469	69,437
Fixed deposit a/c with Co-operative Bank	3,107,360	10,660,109
Fees Deposit a/c with Co-op. Bank	33,923	4,295,910
Project Accounts	454,595	1,309,654
	<b>8,798,612</b>	<b>32,935,376</b>

8. The capital reserve fund increased from last financial year of Ksh **588,398,517** to Ksh **617,901,139** due to development fund from the government of Kenya of Ksh **38,000,000** less Kshs **8,497,378** which was expensed.
9. The Accumulated deficit increased from last financial year's Ksh **39,232,537** to Ksh **81,007,565** due to this financial year's deficit Ksh **41,775,028**.

**10. TRADE & OTHER PAYABLES**

	<b>2011/2012</b>	<b>2010/2011</b>
	<b>Ksh</b>	<b>Ksh</b>
Creditors	12,555,501	4,372,912
Provision for audit fee	290,000	250,000
Accruals	5,731,049	7,793,271
	<b>18,576,550</b>	<b>12,416,183</b>

## CO-OPERATIVE COLLEGE OF KENYA

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

#### 11. GRANTS

	2011/2012 Ksh	2010/2011 Ksh
Grants from Government of Kenya	56,000,000	56,000,000
Grants from Swedish co-operative centre	4,000,000	555,815
Yatta Project	807,501	-
Frich Project	2,114,687	1,640,059
Development funds expensed	8,497,378	7,167,777
ILO/coop Africa	-	1,581,862
<b>Total</b>	<b>71,419,566</b>	<b>66,945,513</b>

Development fund expensed is the money for capacity building, Research, Development of training program, Development of water and sewerage, and Renovations which were provided for under development budget but their expenditure is of recurrent in nature hence the amount spent of Ksh **8,497,378** has been recognized by transferring the same amount as income and expenditure from development vote to recurrent vote leaving a balance of Ksh **29,502,622** transferred to capital reserve fund.

#### 12. FEES

Centers	2011/2012 Kshs	2010/2011 Kshs
Main Campus	62,332,869	57,153,721
Town Campus	12,965,376	9,534,574
Degree program.	13,993,765	10,088,550
Mombasa Camp	898,000	560,000
Meru campus	3,115,028	3,747,200
<b>Total</b>	<b>93,305,038</b>	<b>81,084,045</b>

Fees are the fees income from students for Main campus, Town campus, Degree program, Meru campus and Mombasa Campus.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

13. OTHER INCOME

	2011/2012 Ksh	2010/2012 Ksh
Income for the year from seminar activities	65,108,732	52,972,639
Less. Refunds	(1,619,316)	-
Less: VAT paid	(5,679,272)	
<b>Net Income</b>	<b>57,810,143</b>	<b>52,972,639</b>
Expenses for the year on seminar activities	(42,472,194)	(36,131,009)
<b>Net operating surplus</b>	<b>15,337,949</b>	<b>16,841,630</b>
Rent Income	7,464,282	5,982,251
Miscellaneous income	6,116,653	1,999,001
Interest income	383,210	660,110
Profit on asset disposal	96,284	84,001
<b>Total</b>	<b>29,398,378</b>	<b>25,566,993</b>

## CO-OPERATIVE COLLEGE OF KENYA

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

#### 14. PERSONNEL COSTS

Personnel Emolument and Pension Expenses		78,036,856	57,140,149
Other Personnel Related costs		20,589,474	25,663,715
<b>TOTAL PERSONEL COSTS</b>		<b>98,626,330</b>	<b>82,803,863</b>

#### 15. OPERATING COSTS

Telephone and Postal expenses		2,620,136	2,606,458
Water and Electricity Expenses		13,089,901	9,017,542
Medical expenses		5,847,042	1,378,167
General office Expenses		1,795,260	1,845,9
Consumable Stores		1,025,903	983,590
Purchase of Food & Rations		20,645,615	15,689,529
Students Expenses		9,606,900	9,474,613
Transport and Insurance		3,327,575	2,193,068
Repair and Maintenance		4,680,332	4,574,915
Official Entertainment		353,169	161,912
Advertising & Publicity		2,512,279	2,334,988
Computer Expenses		1,103,069	1,193,148
Contracted professional services		1,328,631	1,308,049
Town Campus		11,740,881	9,212,587
Degree program		14,389,840	9,924,644
Meru Campus		3,689,244	2,365,295
Swedish co-operative centre		4,263,429	1,003,582
14 Seater Matatu Sacco		337,900	-
Mombasa Campus		1,020,681	719,590
Research		394,600	
Development of Training Programm		130,700	
Development of Water and Sewage		589,192	
Renovations'		1,429,412	4,064,302
Legal Fees (Managent Information System)		3,507,628	-
Coop Africa/ILO		-	1,120,325
International Organization for Standardization		690,345	462,490
Yatta Project		1,248,062	69,775
Frich Project		1,267,660	1,778,140
<b>TOTAL OPERATING COSTS</b>		<b>112,635,385</b>	<b>83,482,648</b>

#### a) Personnel Emolument and Pension Expenses

The expense has increased as compared to last financial year due to increase in the number of employees.

# CO-OPERATIVE COLLEGE OF KENYA

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

### a) Operating Costs

The expense has increased as compared to last financial year due to increase in the number of students especially in the main campus and increase in expense due to the college transitioning to a university.

### 16. EXPENSES ON COUNCIL & CONFERENCE

The expenses of the board amounting to Ksh **5,204,768** are composed of:

	2011/2012	2010/2011
	Ksh	Ksh
Sitting allowance	2,473,578	2,426,400
Traveling Allowance	164,000	170,400
Night out allowance	1,687,190	360,922
Chairman Honoraria	880,000	960,000
<b>Total</b>	<b>5,204,768</b>	<b>3,917,722</b>

17. The amount of Ksh **290,000** is provision for audit fee for the financial year audit by Kenya national audit office.
18. Deficit for the year of Ksh **41,775,028** compared to last financial deficit of Ksh. **13,912,044**. The deficit is mainly due to increased expenditure as a result of the college transitioning to a University.
19. **Disclosure: Ksh. 45,124,338.70**  
The contractor to the Management Information System project which has been under arbitration was awarded Ksh. **45,124,338.70** as damages by the arbitrator. The College management has appealed to the High court of Kenya and it feels that the decision of the High court will be in favour to the college.
20. **Employees** – the college has 196 permanent and pensionable employees. The college has transferred its unfunded pensionable from the Government of Kenya and have its own defined contribution Scheme.
21. **Finance cost**- These are bank charges for 2011-2012 financial year.
22. \* Relates to finance costs which had been reported under operating costs and fees outstanding omitted now restated.
23. All the college transactions have been in Kenya Shillings.