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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF KIRINYAGA UNIVERSITY

FOR THE YEAR ENDED 30 JUNE 2017



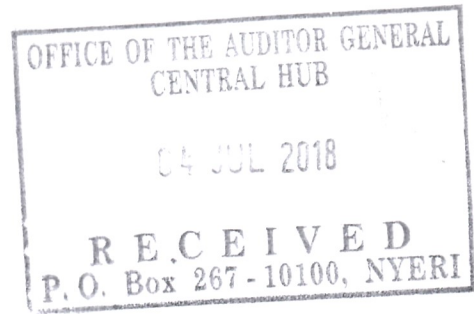
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Paper laid on the Table of the House by the Leader of the Majority Party on Wednesday 22/08/2018 (Afternoon)

Handwritten signature





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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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



KyU is ISO 9001:2015 certified

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kirinyaga University was elevated to a fully-fledged University on 7th October 2016. The University aims at becoming a world class university of science and technology specializing in industry oriented teaching, research, innovation and entrepreneurship in engineering, science, technology and ICT.

The University is located approximately 115 Km North East of Nairobi off Nairobi Sagana-Embu-Highway in Kutus Town.



Objective of the University

The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, university education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life work and welfare of the citizens of Kenya. The University aims to play a leading role in the development and expansion of the opportunities for higher education and research.

The University is expected to provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates.

Kirinyaga University will pursue strategic objectives in the following: policy, human resource management, library, fund mobilization, physical infrastructure development,

information and communication technology (ICT), academic programmes, research, innovation, technology transfer and extension services.

(b) Principal Activities

The principal activity/mission of the University is to train and develop world class human resource equipped with innovative technology and skills in the fields of engineering, ICT, health and business enterprise, to meet the demands of a dynamic world.

(c) Key Management

The Vice Chancellor, the University Management Board (UMB), Heads of Departments and Sections are responsible for management of the day-to-day operations of the University. The University management board meets once a weekly and are responsible for the execution of all policies on behalf of University Council. The University Management Board (UMB) is chaired by the Vice Chancellor, who is the Chief Executive Officer (CEO). The heads of sections and chairmen of academic departments steer the University mandate as cascaded to them via the statutes and report to the UMB through the respective Deputy Vice chancellors and registrars.

(d) Fiduciary Oversight

To execute this mandate, the University has various council committees tasked with different responsibilities in the respective lines of operations; academic, student affairs, Human resource, procurement, finance and general operations. These committees are domiciled in the respective divisions/ Sections of the University, and have clearly defined terms of reference and reporting lines in the statute.

The University Council has four committees as provided for in the statutes vide;

- The Finance, Human resource and General purpose committee,
- Audit & risk committee
- Academic committee
- Sealing committee

The respective committees of council hold meetings quarterly and submit reports to full University Council.

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

Name	Designation
Senior Counsel Fred Ojiambo	Chancellor
Prof. Gideon B. Hanjari	Chairman of Council
Prof. Mary Ndung'u	Vice Chancellor

(e) Kirinyaga University Headquarters

P.O. Box 143-10300
Sagana – Embu Highway Kutus Town
Kerugoya, Kenya.

(f) Kirinyaga University Contacts

Telephone: (254) 728499650
E-mail: vc@kyu.ac.ke
Website: www.kyu.ac.ke

(g) Kirinyaga University Bankers

- 1) Kenya Commercial Bank, Kerugoya Branch
P.O Box 405090 -10300,
Kerugoya-Kenya.
- 2) Equity Bank, Kerugoya Branch
P.O. Box 1056 - 10300,
Kerugoya-Kenya.
- 3) Co-operative Bank, Kutus Branch
P.O. Box 218 - 10304,
Kutus - Kenya.

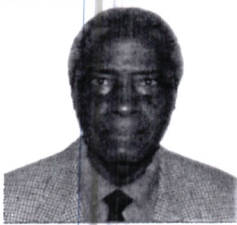




(h) Independent Auditors





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

(i) Principal Legal Adviser






The Legal Officer
Kirinyaga University
P.O. Box 143 – 10300
Kerugoya, Kenya




MEMBERS OF THE UNIVERSITY COUNCIL

	Name & Title	Date of Birth	Qualifications	Experience
	Prof. Gideon Billy Hanjari (Chairman of Council)	1945	Ph.D (University of London), Bachelor of Architecture 1971 (Nairobi University), Diploma Health Facility Planning (Cnaa)	52 years
	Prof. Mary Wambui Ndung'u (Vice Chancellor/ Secretary to council)	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenya University), B.Ed. (Kenya University), EMBA (JKUAT)	30 years
	Prof. Christopher Gathu Nyagah Council Member	1948	Ph.D (Chemistry)	39 years
	Mr. Gerald Maina Macharia Council Member	1962	MBA – Entrepreneurship Development (Moi University), Executive Program In Strategy & Organization – EPSO (Stanford University), PgDBA – Business Administration (Herriot Watt University – Edinburgh Business School Edinburgh, Uk)	27 years
	Dr. Elizabeth Ichalutu Odera Council Member	1958	MeD General Pathology (University of Nairobi), Bachelor of Medicine and surgery (University of Nairobi)	32years

	Mrs. Mary Cheptum Rotich Council Member	1962	B. ED (Kenya University), M.ED (University of Bristol, UK)	30 years
	Mr. Alfred Ejem Lokangae Council Member		Bsc. Agricultural Education(Egerton University), MBA Strategic Management (Kenya University)	17 years
	Mr. James Muchiri (Rep. Ministry of Education)	1973	BED Moi University , Med Kenya University	16 Years
	MR. Edward K. Wamweya (Rep. National Treasury)	1984	MBA CPA(K) CIFA(K)	7 Years

KIRINYAGA UNIVERSITY MANAGEMENT TEAM

	Name & Title	Date of Birth	Qualifications	Experience
	Prof. Mary Wambui Ndung'u Vice Chancellor / Chairperson	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	30 Years
	Prof. Charles Omwandho Deputy Vice Chancellor (ASA)	1961	PhD- Reproductive Immunology (new Castle University ,Australia 1998),Msc. Biochemistry , 1991(UON),BSC Biochemistry and Zoology 1986 (UON).	27Years
	Mr. Wallace Waruiru Kamau Ag. Registrar ASA	1982	Ongoing MA Project Planning & Management (University of Nairobi), Bsc.- Environmental Studies (Kenyatta University)	13Years
	CPA Peter Mugo Kagika Finance Officer	1975	MBA – Strategic Management (DeKUT),BBA (Accounting & Finance) (KEMU), CPA(K)	18 Years
	Ms. Joyce Wangari Kiragu Ag. Human Resource Officer	1978	On-going Post graduate Diploma in HR M.ED – Education mgt & Administration, (Kenyatta University) B.ED – (Arts) (Kenyatta University)	16 years

	<p>Mr. Allan Gathanju Maina Ag. Dean of Students</p>	<p>1962</p>	<p>Ongoing EMBA – Entrepreneurship (Moi University), HND – Entrepreneurship (KTTC), DIP – Technical Education (KTTC), Dip – Theology (Limuru)</p>	<p>31 Years</p>
	<p>Ms. Esther Wanjiru Ndirangu Ag. Procurement Officer</p>	<p>1988</p>	<p>Ongoing Msc. Procurement & Logistics (JKUAT) BSc Procurement and Logistics (JKUAT)</p>	<p>5 Years</p>
	<p>Mr. Joel Kimani Ndung'u Ag. Chief Security Officer</p>	<p>1978</p>	<p>B.A (Moi University), On- going Diploma in Criminology</p>	<p>13 Years</p>

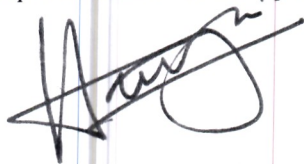
CHAIRMAN'S REPORT

I am pleased to present the Annual report and Financial Statements of Kirinyaga University for the year ended 30 June 2017. This was the year the institution was upgraded to a fully-fledged university.

The demand for relevant higher education in the country has continued to rise prompting the University to continually develop programmes that respond to the demands of the market. The main objective of the Council is to position the University main programmes within the context of the market requirements, cost rationalization, equity and customer satisfaction.

During the financial period, key achievements were realized at Kirinyaga University including but not limited to Award of University Charter, hiring of competent faculty, increased students enrolment, substantial physical infrastructure development and investments in ICT. The University plan builds on to the previous plan and lays the direction for the University in her new status and for strategic positioning in changing landscape of University education. To achieve this objective, several infrastructural projects have been completed: University Dinning hall, Office Block, Complex Gate and School of health laboratory. In additional to this, the University has started other mega projects which include Tuition complex phase one and a lecture theatre. This is in embracing the GoK policy on increasing access to higher education. As the University strives to increase capacity in teaching and learning facilities there has been commensurate increase in the operations costs which has led to the university realising deficit from its operation.

During the year under review, the University geared her financial commitments towards provision of teaching facilities, development of new curricula and recruitment of staff. The numbers of academic and non-academic staff have progressively grown since the inception of the University. The Council is in the process of recruiting additional senior academic and management staff to enable the implementation of new programmes and to offer quality services to the stakeholders.



Prof. Gideon B. Hanjari

Chairman of Council

Vice Chancellor's report

Presented herein is the Annual Report and Financial Statements of Kirinyaga University for the year ended 30 June 2017 as per requirements of the Universities Act, No. 42 of 2012 and Public Audit Act, 2003.

Kirinyaga University was granted charter by His Excellency Hon. Uhuru Kenyatta the President of the republic of Kenya on 7th October 2016 with thirteen academic degree programmes, and has since increased the number of academic degree programmes to seventeen (17). The University is positioning itself to be a leader in offering courses geared towards producing employers and not employees in areas outlined by the Vision 2030.

The University started the year with cash and bank balance of Kshs 79,201,517.00. During the financial year 2016/2017, the University generated Kshs 150,345,317.00 in A-in-A vide student tuition and other fees, received Kshs 158,699,190.00 for capital developments and Kshs 248,067,300.00 for recurrent capitation from the Government of Kenya.

University aims at diversification of revenue streams through the following specific objectives:

- The University expect continued government support of capitation and development grants.
- Increase student enrolment in self-sponsored programmes.
- Increasing income generating activities and strengthening the existing ones
- Establishing a resource mobilization centres. This will be achieved by hiring staff to manage commercial University investment.
- Soliciting for grants, donations and sponsorship.
- Link with industries agencies for research funding

The current student population is 2500 and is expected to increase to 3500 students in the year 2017/2018. Staff population stood at 274 for both academic and non-academic divisions and it is expected to increase to 350 in the next financial year.

University carries out an analysis of the internal and external environment using Strength, weakness, Opportunities and Threats (SWOT) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL). This provided an implementation plan, a monitoring and evaluation frame work and a projection of resource requirement for implementation to realize the University mandate.

The University also carries out key stakeholders' analysis. The major stake holder includes students, staff Alumni, the government, the community at large, industry, development partners, research and

development institution and institution of higher learning. This is to identify changing needs to ensure cooperation and support in the achievement of her mission.


The mandate of the University is derived from the Universities Act No. 42 of 2012 which outlines the objectives toward promoting higher education in Kenya as follows:

- Advancement of knowledge through teaching, scholarly research and scientific investigation
- Promotion of learning in the student body and society in General.
- Promotion of cultural and social life of the society
- Support and contribution to the realization of national economic and social development
- Promotion of highest standards in and quality of teaching and research.
- Education, training and retaining higher level professional, technical and management personnel.
- Dissemination of the outcomes of the research conducted by the university to the community
- Promotion of gender balance and equality of opportunity among students and employees.
- Fostering of capacity of independent critical thinking among its students.
- Promotion of equalization for persons with disabilities, minorities and other marginalised groups.

During the year under review, the University embarked on developing a number of academic programmes at Bachelors, Diploma and certificate levels in all the six schools. The University has also embarked on an intensive marketing programme aimed at increasing student enrolment. The strategic objectives of the University during the year under review were in the areas of institutional governance, human resource, development, academic programmes, research and Innovations, Infrastructure, community outreach, corporate image and fund mobilisation. This is all in line with the Second Medium Term Plan.

On behalf of the management and staff of Kirinyaga University, I take this opportunity to thank the Council for the support accorded to the management board and for its visionary direction in development of this young institution of higher learning. The support by the Government of Kenya throughout the year under review is highly appreciated. I appeal for more support especially for the purposes of establishing suitable facilities required towards becoming world class University.

I thank the management board, staff and students of Kirinyaga University for their continued cooperation in this challenging but noble task of building the University and look forward to the same cooperation and enthusiastic participation in our upcoming development strategies.


Prof. Mary Ndung'u
Vice Chancellor

CORPORATE GOVERNANCE STATEMENT

The Universities Act 2012, KyU charter and statutes guide the management of the University in achieving its mandate. Institutional governance encompasses authority, accountability, stewardship, leadership, direction and control exercised in the University. KyU is led by an effective Council composed of competent, diverse and qualified members capable of exercising objective and independent judgment. Other policy and reference documents used alongside the University Statutes include the strategic plan, the University service charter, the University policies, relevant national policies, legislations and guidelines. The Council takes responsibility of ensuring that KyU has adequate systems and processes of accountability, risk management and internal controls. KyU operations are guided by ethical practices that seek to promote good corporate citizenship. The goals and objectives of KyU focus on sustainability of the University.

The Council provides strategic direction to the University, exercises control and remains accountable to all stakeholders by:

- Administering the property and funds of the University in a manner and for the purposes which shall promote the interest of the University; but the Council shall not charge or dispose of immovable property of the University except in accordance with the procedures laid down by the Government of Kenya;
- Receiving on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements therefrom to the University or other bodies or persons;
- Approving the appointment criteria and the terms and conditions of service of staff;
- Providing for the welfare of the staff and students of the University;
- Entering into association with other Universities or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate;
- In consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the University.

The council appreciates the significant growth of the University infrastructure that has promoted a good teaching and learning environment for both students and staff. I sincerely thank the Government for the financial support so far. However, I would like to appeal for more funding in the capital developments to ensure adequate infrastructure which will support the growing student population.

The University the main external stakeholder groups are suppliers and communities affected by the University's activities. Internal stakeholders are the Council members, Students, and employees.

University Council is guided by the principles of corporate governance as summarized below;

- Council members should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the University and the shareholders.

- Review and guide corporate strategy, objective setting, major plans of action, risk policy, capital plans, and annual budgets.
- Oversee major acquisitions in the University.
- Select, compensate, monitor and replace key management members and oversee succession planning.
- Align key management and Council remuneration with the longer-term interests of the University and her shareholders.
- Ensure a formal and transparent of management and Council member nomination process.
- Ensure the integrity of the University accounting and financial reporting systems, including the independent audit.
- Ensure appropriate systems of internal control are established.
- Oversee the process of disclosure and communications.
- Where committees of the board are established, their mandate, composition and working procedures should be well-defined and disclosed.

University has a management board which is responsible for:

- Efficient management of the human, physical and financial resources of the University.
- Making proposal to the University Council and the Academic board on policies that have application across the entire University.
- Coordination of the University strategic and development plan.
- Any other matters related to the management of the University.

The University senate has the mandate of:

- Establishment, abolition or harmonization of faculties, school, Units, Departments and their titles to recommend for approval by the University Council.
- Approve all syllabus of the University
- Make recommendation to the council for the establishment or abolition of degree and other academic programmes.
- Approve examination results

I wish to thank the University Council members, management, staff, parents, guardians and students for their continued support towards building a better Kirinyaga University.


Prof. Gideon B. Hanjari
Chairman of Council.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Kirinyaga University we consider the broader interests of society by taking responsibility for the impact of our activities. We believe our responsibility extends beyond the statutory obligation to comply with legislation, to voluntarily take action to improve the quality of life among our employees and their families, local communities and society at large as well as to protect the environment.

We are dedicated to creating a workplace that is safe, fair and enriching. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely. We foster a workplace culture in which the rights, needs and unique contributions of each employee are respected. We also support professional development opportunities for every employee.

The KyU is located in the community. Because we believe that strong neighbourhoods, towns, and cities are vital to the well-being of our society and to the economy, we acknowledge that we have both a special responsibility and role to play in helping the communities thrive. We participate in environmental and health care initiatives to help conserve the environment and save lives, and create stability in local communities. Our University blood donor club's contribution towards building a sustainable blood bank in Kenya benefits community members needing blood transfusions.

We contribute support to local community endeavours which help provide for a better quality of life. We also contribute substantially to local employment, training and skills development. In addition, our employees and students participate in community outreach programmes to educate on Alcohol Drugs and Substance Abuse and HIV/AIDS prevention and other volunteer services.

Kirinyaga University has collaborated with United Nations Industrial development organization on provision of services relating to Operation and maintenance (O&M) training for ultra-low Head Micro Hydro Power (ULH-MHP) technology. This involves the research by the University staff on the installation site for the system and trains about 20 participants locally who will offer technical support during and after commissioned of the project. The primary objective of the training is to develop capacity locally for operation and maintenance of ULH-MHP system to benefit the Mwea citizen and Kirinyaga County community at large in production of power. The project use irrigation water for production of power and at the same time offer job opportunity to local community.

Kirinyaga University has also collaborated with the National Commission for Science Technology and Innovation (NACOSTI) in manufacturing for value addition in agricultural produce in Kenya.

The project aim at promoting value addition in horticulture crops and dairy produce to ensure product diversification competitive in local, national and global value chain. It will also enhance youth skill and capacities thereby retaining them locally hence curb rural-urban migration thus decongesting the urban centres.

We are committed to enhancing the quality of life for our employees, students and the communities in which they live and work by encouraging, educating, engaging and ultimately spreading good by involving more of us in volunteerism and community service.

REPORT OF THE UNIVERSITY COUNCIL MEMBERS

The University Council members submit their report together with the financial statements for the year ended 30 June 2017.

Principal activities

The principal activities of Kirinyaga University are set out on page iii

Results

The financial results of Kirinyaga University for the year ended 30 June 2017 are set out on page x

University Council Members

The members of the council who served during the year are shown on page v, served the University for the entire financial period except Mr. James Muchiri Ministry of Education representative who replaced Ms Nancy Wachira from 5th January 2017.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012.

Previous audit report for the FY2015/2016 had unqualified opinion hence no major issues raised by the office of the Auditor General.

STATEMENT OF THE RESPONSIBILITIES OF THE COUNCIL MEMBERS

The Kirinyaga University Charter of 7th October 2016 requires University Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results for that year/period.

The responsibilities of University Council include:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- Safeguarding the assets of the University,
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

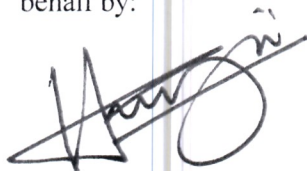
The Council members accept responsibility for Kirinyaga University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 Section 81 and the State Corporations Act, revised 2012 Section 14.

The Council members are of the opinion that the Kirinyaga University financial statements give a true and fair view of the state of the University transactions during the financial year ended June 30, 2017, and of the University financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kirinyaga University financial statements were approved by the University Council and signed on its behalf by:



Prof. Gideon B. Hanjari

Chairman of Council.



Prof. Mary Ndung'u

Vice Chancellor

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kirinyaga University set out on pages 1 to 22, which comprise the statement of financial position as at 30 June 2017, 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 of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kirinyaga University as at 30 June, 2017, 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 Universities Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no Key Audit Matters to report in the year under review.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the University's or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

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

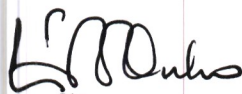
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 5365

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.

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

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

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



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

Nairobi

31 July 2018

**KIRINYAGA UNIVERSITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017**

		FY 2016-2017	FY 2015-2016
		<u>30-Jun-17</u>	<u>30-Jun-16</u>
		KShs	KShs
	Notes		(Audited)
Revenue from non-exchange transactions			
Transfers from the government	18	248,067,300	244,496,380
Transfers from Capital funds	17	84,383,197	-
		332,450,497	244,496,380
Revenue from exchange transactions			
Rendering of services	19	130,345,317	109,959,059
Rental revenue from facilities and equipment	20	1,025,500	1,002,600
Farm Surplus	33	12,690,280	9,734,009
Other income	22	6,149,366	12,440,112
		150,210,463	133,135,780
Total revenue		482,660,960	377,632,160
Expenses			
Bulk purchases of water and electricity	23	6,938,771	5,837,181
Employee costs	24	343,736,397	304,458,670
Remuneration of council	25	5,806,071	3,684,580
Depreciation and amortization expense	2	29,531,232	28,475,556
Repairs and maintenance	26	11,630,981	7,283,120
Contracted services	27	7,649,625	7,237,572
Student Welfare	28	12,030,699	5,764,915
Academic cost	29	15,463,923	5,014,123
Administrative costs	30	12,314,145	14,343,452
Finance costs	31	198,157	190,050
General expenses	32	50,236,640	39,151,500
Provision for Audit fee	12	696,000	696,000
Provision for service gratuity	13	13,500,000	18,000,000
Total expenses		509,732,639	440,136,718
Other gains/(losses)			
Deficit for the period		(27,071,679)	(62,504,558)
Taxation		-	-
Deficit for the period		(27,071,679)	(62,504,558)

The notes set out on pages 6 to 20 form an integral part of the Financial Statements

KIRINYAGA UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

ASSETS	NOTES	FY 2016-2017	FY 2015-2016
		<u>30-Jun-17</u>	<u>30-Jun-16</u>
Current assets		KSHS	KSHS
Cash and cash equivalents	4	37,793,326	79,201,517
Receivables from exchange transactions	5	7,426,440	6,723,185
Receivables from non exchange transactions	6	3,570,921	3,570,921
Inventories	7	2,790,541	3,077,315
Investments	8	92,106,536	18,000,000
		143,687,764	110,572,939
Non-current assets			
Property, plant and equipment	2	1,225,968,702	1,193,881,790
Library Books	9	35,207,068	12,616,983
Biological assets	10	63,897,500	63,897,500
		1,325,073,270	1,270,396,273
Total assets		1,468,761,034	1,380,969,212
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	11	57,000,858	29,257,350
Provision for audit fee	12	696,000	1,392,000
		57,696,858	30,649,350
Long term liabilities			
Provision for service gratuity	13	31,500,000	18,000,000
		31,500,000	18,000,000
FUNDS AND RESERVES			
Revaluation Reserves - PPE	14	865,399,026	865,399,026
Revaluation Reserves - Biological Assets	15	46,392,000	46,392,000
Accumulated surplus	16	75,106,945	102,178,625
Capital fund	17	392,666,204	318,350,211
		1,379,564,175	1,332,319,862
Total Funds, Reserves & Liabilities		1,468,761,034	1,380,969,212

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council members by:

Prof. Mary Ndung'u
 Vice Chancellor

Date 3/7/2018

CPA Peter Kagika
 Finance Officer

Date

Prof. Gideon B. Hanjari
 Chairman of Council

Date 3/7/2018

KIRINYAGA UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
AS AT 30 JUNE 2017

ATTRIBUTABLE TO THE OWNERS OF THE CONTROLLING ENTITY

	CAPITAL FUND		REVALUATION RESERVE (PPE)		REVALUATION RESERVE (BIOLOGICAL ASSETS)		ACCUMULATED FUNDS		TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Balance as at 1 July 2015	208,319,849	865,399,026	46,392,000		164,683,183		1,284,794,058		
Additions in the Year	110,030,362	-	-	-	-	-	110,030,362		
Deficit for the Year	-	-	-	-	(62,504,558)		(62,504,558)		
Balance as at 30 June 2016	318,350,211	865,399,026	46,392,000		102,178,625		1,332,319,862		
Balance as at 1 July 2016	318,350,211	865,399,026	46,392,000		102,178,625		1,332,319,862		
Additions in the year (Note 19)	158,699,190	-	-	-	-	-	158,699,190		
Deficit for the Year	-	-	-	-	(27,071,679)		(27,071,679)		
Transfer to Income Statement	(84,383,197)	-	-	-	-	-	(84,383,197)		
Balance as at 30 June 2017	392,666,204	865,399,026	46,392,000		75,106,945		1,379,564,175		

Note: Transfer to income statement is the accumulated depreciation brought down at the beginning of the year. It be amortized for the capital grant from the government utilized for development expenditure

KIRINYAGA UNIVERSITY
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017

		FY 2016-2017	FY 2015-2016
			(Audited)
		<u>30-Jun-17</u>	<u>30-Jun-16</u>
	NOTES	<u>Kshs</u>	<u>Kshs</u>
Deficit for the period		(27,071,679)	(62,504,558)
Adjustments for:			
Depreciation	2	29,531,232	28,475,556
Provision for audit fees	11	696,000	696,000
Gain on Disposal		-	(53,500)
Provision for service gratuity	12	13,500,000	18,000,000
Accumulated Depreciation	18	<u>(84,383,197)</u>	<u>-</u>
		(67,727,645)	(15,386,502)
Cash flows from operating activities			
Change in;			
Receivables - Exchange transactions	5	(703,255)	536,727
Receivables - Non - exchange transactions	6	-	17,101,354
Inventory	7	286,774	105,687
Payables	10	<u>27,047,508</u>	<u>(2,875,364)</u>
Net cash flows used in operating activities		26,631,027	14,868,404
Cash flows from investing activities			
Purchase of Motor vehicles	2	(9,985,501)	(4,880,000)
Disposal of Motor Vehicle	2	-	271,000
Purchase of Computers	2	(4,250,498)	(4,575,904)
Sale/(purchase) of biological assets	2	-	(726,000)
Purchase of Furniture & Equipment	2	(8,088,963)	(36,431,319)
Work in progress	2	(39,989,180)	(81,566,380)
Increase/ Decrease in Fixed Deposit account	8	(74,106,536)	54,000,000
Purchase of library books	9	<u>(22,590,085)</u>	<u>-</u>
Net cash flows used in investing activities		(159,010,763)	(73,908,603)
Cash flows from financing activities			
Capital fund	16	<u>158,699,190</u>	<u>110,030,362</u>
Net cash flows used in investing activities		158,699,190	110,030,362
Net increase/(decrease) in cash and cash equivalents		(41,408,191)	35,603,661
Cash and cash equivalents at 1 July 2016		<u>79,201,517</u>	<u>43,597,856</u>
Cash and cash equivalents at 30 June 2017		<u>37,793,326</u>	<u>79,201,517</u>

KIRINYAGA UNIVERSITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE QUARTER ENDED 30 JUNE 2017

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Variance
	2016-2017	2016-2017	FY 2016/2017	FY 2016/2017		
			Shs	Shs		
REVENUE						
Transfers from government	306,000,000	(57,932,700)	248,067,300	248,067,300	-	-
Other Income	13,740,000	(7,940,000)	5,800,000	6,149,366	349,366	6
Rendering of services	122,409,000	3,068,483	125,477,483	130,345,317	4,867,835	4
Rental income and agency fees	1,000,000	-	1,000,000	1,025,500	25,500	3
Farm Surplus	12,000,000	-	12,000,000	12,690,280	690,280	6
Total Income	455,149,000	(62,804,218)	392,344,783	398,277,763		
	-		-			
EXPENSES						
Compensation of employees	306,000,000	12,191,333	318,191,333	343,736,397	(25,545,064)	(8)
Repairs & Maintenance	8,011,000	1,331,826	9,342,826	11,630,981	(2,288,155)	(24)
Finance cost	200,000	-	200,000	198,157	1,843	1
Contracted services	2,041,870	5,570,018	7,611,888	7,649,625	(37,737)	(0)
Remuneration to the council	4,054,000	1,972,519	6,026,519	5,806,071	220,448	4
Students welfare	12,789,000	-	12,789,000	12,030,699	758,301	6
Depreciation	31,228,000	(1,696,768)	29,531,232	29,531,232	-	-
Academic cost	16,200,000	-	16,200,000	15,463,923	736,077	5
Administrative Costs	12,300,000	-	12,300,000	12,314,145	(14,145)	-
General expenses	41,229,130	8,500,000	49,729,130	50,236,640	(507,510)	(1)
Water & Electricity	6,900,000	-	6,900,000	6,938,771	(38,771)	(1)
Audit fee	696,000	-	696,000	696,000	-	-
Gratuity	13,500,000	-	13,500,000	13,500,000	-	-
Total expenditure	455,149,000	27,868,928	483,017,928	509,732,639		
Deficit for the period	-		(81,269,290)	(111,454,876)		

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

Kirinyaga University financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

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

Summary of significant accounting policies

(a) Revenue recognition

Revenue from exchange transactions

(i) Rendering of services

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(ii) Rental income

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

(iii) Interest income

This relates to held-to-maturity investments with the commercial bank. The Entity determines the classification of its financial assets at initial recognition.

(iv) Farm

University operate a farm for coffee tea and horticulture. The proceeds of the farm are normally recognised in the financial statement net of related cost.

(v) Revenue from non-exchange transactions

The University recognizes revenue from transfers from government once they are included in the printed estimates and the outcome of the transaction can be estimated reliably.

b) Budget information

The annual budget was prepared on the accrual basis where all planned costs and income were 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

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. 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

The University land is a freehold property and not subjected to amortization. Fixed assets have been depreciated using straight line method to write off the costs of the assets over their useful economic life at the following rates;

Land	Nil
Building	2%
Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Accessories	30%
Plant and Machinery	12.5%

Depreciation is charged fully in the year of acquisition and no depreciation charged in the year of disposal.

(d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the entity.

Library books

Library books relate to books purchase by the valued at cost. This are deemed to be used by the student hence represented by in the financial statements.

(e) Employee benefits

Retirement benefit plans

Kirinyaga University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The contributions and lump sum payments reduce the post-employment benefit obligation.

(f) Foreign currency transactions

There were no foreign currency transactions during the period under review.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statement for the year ended June 30, 2017.

(i) Receivables

Receivables are recognized when commitments are effected at their fair value and there is no policy in place for their provisions.

(j) Trade payables

Trade payables are nearly always classified as current liabilities, since they are usually payable within one year. If that is not the case, then such payables can be classified as long-term liabilities. A longer-term liability typically has an interest payment associated with it, and so is more likely to be classified as long-term debt.

(k) Nature and purpose of reserves

Kirinyaga University creates and maintains reserves in terms of specific requirements. The entity has the following reserves:

Revaluation Reserve. This reserve was occasioned by the fact that the University valued all its assets. It represents the difference between the net book value as at June 30, 2017 and the revalued amount.

Accumulated Surplus. This reserve represents the accumulated surplus over years.

Capital fund relate to development funds made to the University.

(l) Changes in accounting policies and estimates

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

(m) Biological assets

Kirinyaga University accounting treatment and disclosures related to Agricultural activity is provided for in these financial statements. These activities have been measured at fair value less estimated cost to sell at the point of harvest or at the point of disposal.

(n) Significant judgements and sources of estimation uncertainty

The preparation of Kirinyaga University financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Nothing has come to the attention of the University Council that can result to contingent liability or asset.

(o) Related parties disclosures

In accordance to IPSAS 20, Kirinyaga University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University. Members of University Council and the key management are regarded as related parties and comprise the Chancellor, Vice Chancellor, Deputy Vice Chancellors, Registrars, Deans of Schools, Chairmen of Departments and Heads of sections in the University.

National Government is also a related party to the University by the factual of it being formed by the Act of the parliament through the University Charter of 7th October 2016.

(p) Disclosure on financial risk management

The University overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is extended to students and customers with an established credit history.

- **Credit risk** - Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the

current economic environment. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings and students whose balances are manageable since the student is not issued with examination cards if they have a fee balance hence they cannot sit for examinations.

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

	Fully performing Sh	Past due Sh	Impaired Sh	Total Sh
At 30 June 2017				
Student receivables	6,334,812	-	-	6,334,812
Accrued Interest	687,128	-	-	687,128
Deposits with financial institutions	92,106,536	-	-	92,106,536
Bank balances	<u>37,793,326</u>	-	-	<u>37,793,326</u>
	<u>136,921,802</u>	=	=	<u>136,921,802</u>
At 30 June 2016				
Student receivables	6,120,953	-	-	6,120,953
Accrued Interest	262,732	-	-	262,732
Deposits with financial institutions	18,000,000	-	-	18,000,000
Bank balances	79,201,517	-	-	79,201,517
	<u>103,585,202</u>	-	-	<u>103,585,202</u>

- **Liquidity risk** - Liquidity risk is the risk to the University's financial condition or safety and soundness arising from her inability (whether real or perceived) to meet her contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. Ultimate responsibility for liquidity risk management rests with the University management board, which has built an appropriate liquidity risk

management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintaining sufficient cash to meet the University obligations. Senior management reviews the cash forecasts monthly and determines the University cash requirement.

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

The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2017				
Trade payables	1,004,449	38,267,477	17,728,932	57,000,858
At 30 June 2016				
Trade payables	1,139,919	9,474,498	18,642,933	29,257,350

Market risk - Market risk is the risk that the value of an investment will decrease due to moves in market factors. Kirinyaga University has embarked on hedging strategies to manage this risk.

(q) Fixed Deposit Ksh. 92,106,536.00

1. Kshs. 18,000,000.00 is fixed with Cooperative bank for six months at an interest of 7% p.a. The maturing date is 28th September 2017.
2. Kshs. 4,633,649.00 is fixed with Cooperative bank for 6 months at an interest rate of 7 % p.a. The maturity date is 10th July 2017.
3. Kshs. 8,866,351.00 is fixed with Cooperative bank for six months at an interest of 7.5% p.a. The maturity date is 28th September 2017
4. Kshs 606,536.00 this is a bank guarantee with KCB Bank ltd for fuelling with National Oil Corporation of Kenya.

5. Kshs 60,000,000.00 is fixed with KCB Bank Ltd on call basis at a rate of 8% maturing on 6th September 2017.

(r) Gratuity

University transited 23 TSC staff on contract basis for a period of five years with effect from 1st December 2013. Upon successful completion of their contract, they will be paid a gratuity of 31% of the basic salary hence a provision of the expenditure in the financial statement. The University has made a provision of Kshs 13,500,000 during the year under review making a total of Ksh 31,500,000 to cater for this gratuity which will be paid during the next financial year.

(s) Comparative information

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

34. Related party disclosures.

During the financial year the university paid Ksh: 5,806,071.00 to the board members and Ksh: 32,170,563 to the top management.

35. Contingent Liabilities.

According to IPSAS 19 contingent liabilities and contingent assets should be disclosed during preparation of financial statement. Kirinyaga University had legal fees amounting to Ksh. 281,036.00 *financial* as at 30 June 2017 relating to cases which were still pending in court. It the management opinion that this amount should be disclosed.

36. Capital Commitment

University had approved, committed and awarded contracts worth Kshs 483,446,281.00 during the year under review.

36. Ultimate and Holding entity

Kirinyaga University is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

37. Currency

The financial statements are presented in Kenya shillings.

38 Notes to Budget

In these financial statements, any variance above one million is considered significant and explained as follows;

The University had budgeted to receive Kshs 125,477,483.00 from student fees. The actual revenue was Kshs 130,345,317.00 resulting to a favourable variance of Kshs 4,867,835.00. This variance is attributable to the accelerated students' intake, online registration of units after clearing fees resulting to prompt fees payment.

The University submitted a personnel budget of Kshs 306 Million to the National Treasury through the Ministry of Education. However, a downward adjustment of Kshs 58 million was done by the National Treasury. This resulted to unfavourable variance of Kshs 17,407,364.00 from employee's compensation.

During the year under review, Kirinyaga University was awarded University Charter and hence upgraded to be a fully-fledged University. As a result of this, the former principal's office was converted to be the University boardroom and the earlier boardroom was converted to be the Chancellor's office. These two major renovations resulted to unfavourable variance in the repairs vote.

KIRINYAGA UNIVERSITY
MOVEMENT OF FIXED ASSET AS AT 30 JUNE 2017

PROPERTY, PLANT & EQUIPMENTS
Note 2

	LAND		BUILDING		MOTOR VEHICLES		COMPUTER & ACCESSORIES		PLANT & MACHINERY		FURNITURE & EQUIPMENTS		WORK IN PROGRESS		TOTAL		
	Nil KSHS	2% KSHS	25% KSHS	30% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS	12.5% KSHS
Book value as at 01/07/2015	677,500,000	151,099,313	28,285,601	11,434,323	31,595,819	25,146,783	170,059,403	1,095,121,242									
Additions for the period	-	-	4,880,000	4,575,904	-	36,431,319	46,093,333	91,980,556									
Transfers	-	35,618,049	-	-	-	-	-	35,618,049									
Adjustment	-	-	-	-	-	-	-	-									
Disposal for the period	-	-	(290,000)	-	-	-	-	(290,000)									
As at 30/06/2016	677,500,000	186,717,362	32,875,601	16,010,227	31,595,819	61,578,102	216,152,736	1,222,429,847									
Book value as at 01/07/2016	677,500,000	182,983,014	24,656,701	11,207,159	27,646,342	53,880,839	216,152,736	1,193,881,791									
Additions for the period	-	-	9,985,501	4,250,498	-	8,088,963	39,148,183	61,473,145									
Transfers	-	68,585,300	-	-	-	-	(68,585,302)	-									
Disposal for the period	-	-	-	-	-	-	-	-									
As at 30/06/2017	677,500,000	251,568,314	34,642,202	15,457,657	27,646,342	61,969,802	186,715,617	1,255,354,936									
Accumulated Depreciation																	
As at 01/7/2015	-	11,023,057	22,975,767	10,982,319	5,977,247	5,094,251	-	56,052,641									
Depreciation of the disposed asset	-	-	-	-	-	-	-	-									
Adjustment	-	-	-	-	-	-	-	-									
Charge for the period	-	3,719,848	8,305,900	4,803,068	3,949,477	7,697,263	-	87,000									
Disposal Adjustment	-	-	(72,500)	-	-	-	-	(72,500)									
As at 30/06/2016	-	14,757,405	31,209,167	15,785,387	9,926,724	12,791,514	-	84,383,197									
Accumulated Depreciation																	
As at 01/7/2016	-	14,757,405	31,122,167	15,785,387	9,926,724	12,791,514	-	84,383,197									
Depreciation of the disposed asset	-	-	-	-	-	-	-	-									
Charge for the period	-	5,031,366	8,660,551	4,637,297	3,455,793	7,746,225	-	29,531,232									
As at 30/06/2017	-	19,788,771	39,782,718	20,422,684	13,382,517	20,537,739	-	113,914,429									
Book value as at 30/06/2017	677,500,000	246,536,948	25,981,652	10,820,360	24,190,549	54,223,577	186,715,617	1,225,968,702									
Book value as at 01/07/2016	677,500,000	182,983,014	24,656,701	11,207,159	27,646,342	53,880,839	216,152,736	1,193,881,791									

NB: During the FY 2016/2017, the same year under review, office block, Health Science laboratory and fence projects Valued Kes. 68,585,300 were transferred from work in progress to building account upon receiving certificates of completion. In accordance to IPSAS 23, Kshs 84,383,197.00 was recognized as income since the University enjoyed economic gain from assets.

KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

				FY 2016-2017	FY 2015-2016
	<u>Bal b/f</u>	<u>Additions</u>	<u>Transfer to Building</u>	<u>Bal c/f</u>	<u>Prior Year (Audited)</u>
	<u>01-Jul-16</u>			<u>30-Jun-17</u>	<u>30-Jun-16</u>
3 WORK-IN-PROGRESS					
Library	23,361,494	-	-	23,361,494	23,361,494
Tuition block	66,802,644	-	-	66,802,644	66,802,644
Office Block	45,291,696	9,127,322	54,419,018	-	45,291,697
Dinning Hall	28,281,455	6,399,922	-	34,681,377	28,281,456
ERP & ICT Infrastructure	37,270,778	11,604,794	-	48,875,572	37,270,779
HealthScience Laboratory	9,149,774	2,438,302	11,588,076	-	9,149,775
University Fencing	2,578,206	-	2,578,206	-	2,578,206
University Gate	3,416,687	2,979,587	-	6,396,274	3,416,687
CCTV	-	5,228,378	-	5,228,378	-
Infrastructure	-	1,369,878	-	1,369,878	-
	<u>216,152,734</u>	<u>39,148,183</u>	<u>68,585,300</u>	<u>186,715,617</u>	<u>216,152,738</u>
				2017	2016
				<u>30-Jun-17</u>	<u>30 June 2016</u>
				<u>KSHS</u>	<u>KSHS</u>
4 CASH AND BANK BALANCES					
<u>Kenya comercial bank</u>	<u>Account No.</u>				
Current Account	1135935173			26,357,714	21,346,950
Fees collection Account	1104016028			465,707	2,917,919
Development Account	1164419137			6,862,802	45,404,213
<u>Equity bank</u>					
Fee collection Account	0100299420333			322,818	5,708,151
<u>Cooperative bank</u>					
Fees collection Account	01129489200000			1,302,451	1,784,430
Farm Account	01120489200000			2,288,169	2,012,000
Giachai Farm Account	01120489200001			178,682	-
Cash balances				14,983	27,854
				<u>37,793,326</u>	<u>79,201,517</u>
5 RECEIVABLES FROM EXCHANGE TRANSACTIONS					
Student debtors				6,334,812	6,120,953
K.P.L.C. deposits				404,500	339,500
Accrued Interest - Cooperative Bank				415,128	262,732
Accrued Interest - KCB Bank				272,000	-
				<u>7,426,440</u>	<u>6,723,185</u>
6 RECEIVABLES FROM NON EXCHANGE TRANSACTIONS					
MoEST				3,570,921	3,570,921
				<u>3,570,921</u>	<u>3,570,921</u>
7 INVENTORIES					
Stock				2,790,541	3,077,315
				<u>2,790,541</u>	<u>3,077,315</u>
8 LIBRARY BOOKS					
Library Books				35,207,068	12,616,983
				<u>35,207,068</u>	<u>12,616,983</u>
9 INVESTMENT					
Fixed Deposit - Cooperative Bank				31,500,000	18,000,000
Fixed Deposit - KCB Bank				60,606,536	-
				<u>92,106,536</u>	<u>18,000,000</u>

KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	FY 2016-2017	FY 2015-2016
	<u>30-Jun-17</u>	<u>30-Jun-16</u>
	<u>KSHS</u>	<u>KSHS</u>
10 BIOLOGICAL ASSETS		
64,108 Coffee trees	19,500,000	19,500,000
148,052 Tea bushes	37,500,000	37,500,000
4.5 acres Banana Plantation	2,000,000	2,000,000
28 Avocado trees	140,000	140,000
15 Macandamia trees	172,500	172,500
10 Bee hives mounted on trees	185,000	185,000
5 Fish ponds	1,200,000	1,200,000
2.5 acres Agroforest	3,200,000	3,200,000
Total	<u>63,897,500</u>	<u>63,897,500</u>
This was at net realisable value		
11 TRADE AND OTHER PAYABLES		
Student creditors	1,004,449	1,139,919
Trade Creditors	38,267,477	9,474,498
Retention funds	17,728,932	18,642,933
Total	<u>57,000,858</u>	<u>29,257,350</u>
12 AUDIT FEES		
Balance b/f	1,392,000	1,392,000
Paid in the Year	(1,392,000)	(696,000)
Provision Audit fees for the Year	696,000	696,000
Balance c/d	<u>696,000</u>	<u>1,392,000</u>
13 PROVISION FOR SERVICE GRATUITY		
Balance b/f	18,000,000	-
Provision for Gratuity	13,500,000	18,000,000
Balance c/d	<u>31,500,000</u>	<u>18,000,000</u>
14 REVALUATION RESERVE - PPE		
Balance b/f	865,399,026	865,399,026
Additions for the Year	-	-
Balance c/d	<u>865,399,026</u>	<u>865,399,026</u>
15 REVALUATION RESERVE		
(BIOLOGICAL ASSETS)		
Balance b/f	46,392,000	46,392,000
Additions for the Year	-	-
Balance c/d	<u>46,392,000</u>	<u>46,392,000</u>

KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	FY 2016-2017	FY 2015-2016 (Audited)
	<u>30-Jun-17</u>	<u>30-Jun-16</u>
	<u>KSHS</u>	<u>KSHS</u>
16 ACCUMULATED SURPLUS		
Balance b/f	102,178,625	164,683,183
Surplus/(loss) for the period	<u>(27,071,679)</u>	<u>(62,504,558)</u>
Balance c/d	<u>75,106,945</u>	<u>102,178,625</u>
17 CAPITAL FUND		
Balance b/f	318,350,211	208,319,849
Development fund	158,699,190	110,030,362
Transfer to Income Statement	<u>(84,383,197)</u>	<u>-</u>
Balance c/d	<u>392,666,204</u>	<u>318,350,211</u>

NB: In accordance to IPSAS 23, Kshs 84,383,197.00 was recognized as income from non exchange transactions since the University enjoyed economic gain from the assets.

18 TRANSFER FROM THE GOVT - RECURRENT

July	20,672,275	20,672,275
August	20,672,275	20,672,275
September	20,672,275	20,672,275
November	20,672,275	20,672,275
November	20,672,275	20,672,275
December	20,672,275	20,672,275
January	20,672,275	20,672,275
February	20,672,275	20,672,275
March	20,672,275	20,672,275
April	20,672,275	20,672,275
May	20,672,275	20,672,275
June	<u>20,672,275</u>	<u>20,672,275</u>
	<u>248,067,300</u>	<u>248,067,300</u>

19 TRANSFER FROM THE GOVT - DEVELOPMENT

November	18,772,880	-
January	7,500,980	-
May	51,649,664	-
May	59,964,671	71,625,000
May	<u>20,810,995</u>	<u>38,405,362</u>
Total	<u>158,699,190</u>	<u>110,030,362</u>

NB: During the FY 2016/2017, the University received capital grant amounting to Kshs 158,699,190.00. During the same year under review, office block, Health Science laboratory and fence projects were transferred from work in progress to building account upon receiving certificates of completion.

Detailed analysis of the grants by University

Name of the entity sending the grant	Amount recognized to statement of comprehensive income	Amount deferred	Amount recognised in capital fund	Total Income for the Year	Total grant income during the year 2015-2016
MoEST -Recurrent	248,067,300	-	158,699,190	406,766,490	358,097,662
Total	<u>248,067,300</u>	<u>-</u>	<u>158,699,190</u>	<u>406,766,490</u>	<u>358,097,662</u>

20 RENDERING SERVICES

Tuition and other fees	130,345,317	109,959,059
	<u>130,345,317</u>	<u>109,959,059</u>

21 RENTAL REVENUE

Rent Income	1,025,500	1,002,600
Balance c/d	<u>1,025,500</u>	<u>1,002,600</u>

**KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	FY 2016-2017	FY 2015-2016 (Audited)
	<u>30-Jun-17</u>	<u>30-Jun-16</u>
	<u>KSHS</u>	<u>KSHS</u>
22 OTHER INCOMES		
Sale of tender forms	256,000	45,000
Disposal of Assets	237,952	371,800
Medical & Other Income	8,900	32,300
Kitchen sales	3,736,330	4,065,538
Interest Income	1,479,259	2,199,419
Research Grant	-	5,672,555
Hire of Facilities	430,925	-
Gain on Disposal	-	53,500
TOTAL INCOME	<u><u>6,149,366</u></u>	<u><u>12,440,112</u></u>
23 BULK PURCHASE OF WATER AND ELECTRICITY		
Electricity expenses	5,931,827	5,241,142
Water expenses	1,006,944	596,039
	<u><u>6,938,771</u></u>	<u><u>5,837,181</u></u>
24 EMPLOYEE COSTS		
Basic Salaries	138,735,555	120,117,711
Casual workers	8,765,370	8,948,994
House allowances	87,064,256	77,252,461
Part time teaching	18,738,640	21,350,073
Gratuity and pension	24,060,380	16,113,595
House to Office allowance	24,583,883	22,395,734
Other personal allowances	19,421,535	20,117,550
Passage & Baggage	166,279	173,682
Staff Medical Cover	22,200,499	17,988,870
	<u><u>343,736,397</u></u>	<u><u>304,458,670</u></u>
25 RENUMERATION OF COUNCIL		
Chairman's Allowance	1,080,000	1,080,000
Sitting Allowance	3,000,000	1,825,000
Travelling & Accomodation	849,404	779,580
Chanchellor Allowance	876,667	-
	<u><u>5,806,071</u></u>	<u><u>3,684,580</u></u>
26 REPAIRS AND MAITENANCE		
Vehicle repairs	1,813,430	1,062,809
Maintenance of Buildings	8,627,984	5,323,488
Machine & Equipment repairs	1,189,567	896,823
	<u><u>11,630,981</u></u>	<u><u>7,283,120</u></u>

KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	FY 2016-2017	FY 2015-2016 (Audited)
	<u>30-Jun-17</u>	<u>30-Jun-16</u>
	<u>KSHS</u>	<u>KSHS</u>
27 <u>CONTRACTED/PROFESSIONAL SERVICES</u>		
Master Plan	549,386	1,584,906
Asset Tagging	394,397	-
Project Supervisory Expenses	3,127,104	3,113,072
Legal Services	476,241	769,277
ISO Expenses	3,102,497	1,700,317
Security Services	-	70,000
	<u>7,649,625</u>	<u>7,237,572</u>
28 <u>STUDENTS WELFARE</u>		
Students games	3,813,412	1,786,815
Students medical expenses	5,865,534	1,662,093
Fees refunds	1,174,861	762,158
Students Entertainment	824,814	607,510
KYU Students union	352,078	946,340
	<u>12,030,699</u>	<u>5,764,915</u>
29 <u>ACADEMIC COSTS</u>		
Academic Field trips	151,140	228,050
Curriculum Development	1,734,164	244,146
Attachement expenses	781,436	351,204
Student admission Expense	1,514,319	531,000
Gratuation Expense	1,618,795	-
Teaching materials	9,664,069	3,659,723
	<u>15,463,923</u>	<u>5,014,123</u>
30 <u>ADMINISTRATIVE COSTS</u>		
Travelling and accommodation	4,821,820	5,684,232
Stationery and stores	7,492,325	8,659,220
	<u>12,314,145</u>	<u>14,343,452</u>
31 <u>FINANCE COSTS</u>		
Bank charges	198,157	190,050
	<u>198,157</u>	<u>190,050</u>

KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	FY 2016-2017	FY 2015-2016 (Audited)
	<u>30-Jun-17</u>	<u>30-Jun-16</u>
32 GENERAL EXPENSES	<u>KSHS</u>	<u>KSHS</u>
Conferences & Seminars	4,407,749	1,891,166
Internet expenses	5,377,848	5,095,414
Vehicle licenses & insurance	2,759,223	4,288,178
Purchase of Uniforms	868,762	756,316
Security Services	1,722,243	1,897,290
Vehicle fuel and oil	2,328,284	2,021,561
Performance Contracting	539,502	462,785
Advertisement & Marketing	5,715,286	4,571,502
Staff Welfare & Trainings	4,163,773	1,111,567
News papers	358,278	395,790
Telephone & Postage expenses	427,732	113,418
Subscription to Professional bodies	353,155	1,083,360
Cleaning materials	2,909,114	2,322,496
Sewarage expenses	552,366	-
Public celebrations/Demise	360,000	120,000
Catering expenses	9,392,263	7,366,487
Corporate Social Responsibility	29,860	68,076
Kerugoya Campus Rent	-	1,145,000
Research	1,789,989	2,648,250
Library Expense	1,149,208	1,792,845
Award of University Charter	5,032,006	-
Totals	<u>50,236,640</u>	<u>39,151,500</u>

**KIRINYAGA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

FARM ACCOUNTS

	FY 2016-2017	FY 2015-2016 (Audited)
	<u>30-Jun-17</u>	<u>30-Jun-16</u>
<u>Revenue</u>		
33 Coffee	2,381,897	2,633,900
Tea income	11,323,269	8,729,757
Factory dividned	16,275	16,275
Horticulture	1,730,015	1,142,183
Interest Income	49,583	766,141
Total Income	<u>15,501,039</u>	<u>13,288,256</u>
<u>Expenditure</u>		
Tea picking casuals	1,143,026	2,123,076
Tea pruning	98,062	89,132
Fertilizers & Inputs	375,988	639,872
Horticulture expenses	1,184,543	683,437
Farm staff welfare	2,410	7,730
Farm travelling charges	1,760	11,000
EWC	4,970	-
Total Expenditure	<u>2,810,759</u>	<u>3,554,247</u>
Sulplus	<u>12,690,280</u>	<u>9,734,009</u>

EXTRACT OF MINUTES OF SPECIAL MEETING OF THE 2ND KIRINYAGA UNIVERSITY COUNCIL HELD ON 26TH SEPTEMBER, 2017 AT 10.30 A.M. IN THE UNIVERSITY BOARD ROOM

MEMBERS PRESENT

- | | | |
|-------------------------|---|---------------------------------------|
| 1. Prof. Gideon Hanjari | - | Chairman |
| 2. Ms. Kibibi Ndope | - | Member |
| 3. Mr. Alister Murimi | - | Member |
| 4. Dr. Naomi Kagone | - | Member |
| 5. Mr. Julius Muchiri | - | Member |
| 6. M. Julius Onyango | - | Member |
| 7. Mr. Edward Wamweya | - | Member |
| 8. Prof. Mary Ndung'u | - | Ag. Vice Chancellor/Council Secretary |

IN-ATTENDANCE

- | | | |
|-----------------|---|---------------------|
| 1. Peter Kagika | - | Finance Officer |
| 2. Mary Omwando | - | Council Secretariat |

AGENDA

1. Preliminaries and adoption of agenda
2. Establishment of quorum
3. Apologies
4. Declaration of conflict of interest
5. Communication from the Chair
6. Annual financial statement for 2016/2017 FY
7. Finance, Human Resource and General Purpose committee report on the preliminary concession/contract agreement

MINUTE 1/SPECIAL KyU COUNCIL MEETING/26-9-2017: PRELIMINARIES AND ADOPTION OF THE AGENDA

The meeting began at 10.30 a.m. with prayers led by Ms. Kibibi Ndope. The agenda was adopted for deliberation, proposed by Mr. Julius Onyango and seconded by Ms. Kibibi Ndope.

Members agreed that it was the responsibility of each of them to come up with more workable ideas for funds mobilization.

The financial report was approved for submission to the Office of the Auditor General and a copy to the Ministry of Education and the National Treasury, proposed by Ms. Kibibi Ndope and seconded by Mr. Julius Onyango.

The meeting ended at 1.20 p.m. with prayers led by Mr. James Muchiri.

MINUTES APPROVED FOR CIRCULATION:

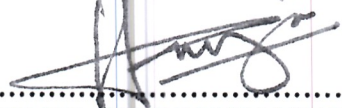


27/7/17

.....
PROF. MARY NDUNG'U, AG. VC/COUNCIL SECRETARY

DATE

MINUTES CONFIRMED AT A MEETING:



28/09/2017

.....
PROF. GIDEON HANJARI, COUNCIL CHAIRMAN

DATE