

Kibabii University College

(A Constituent College of Masinde Muliro University of Science and Technology)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015**

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

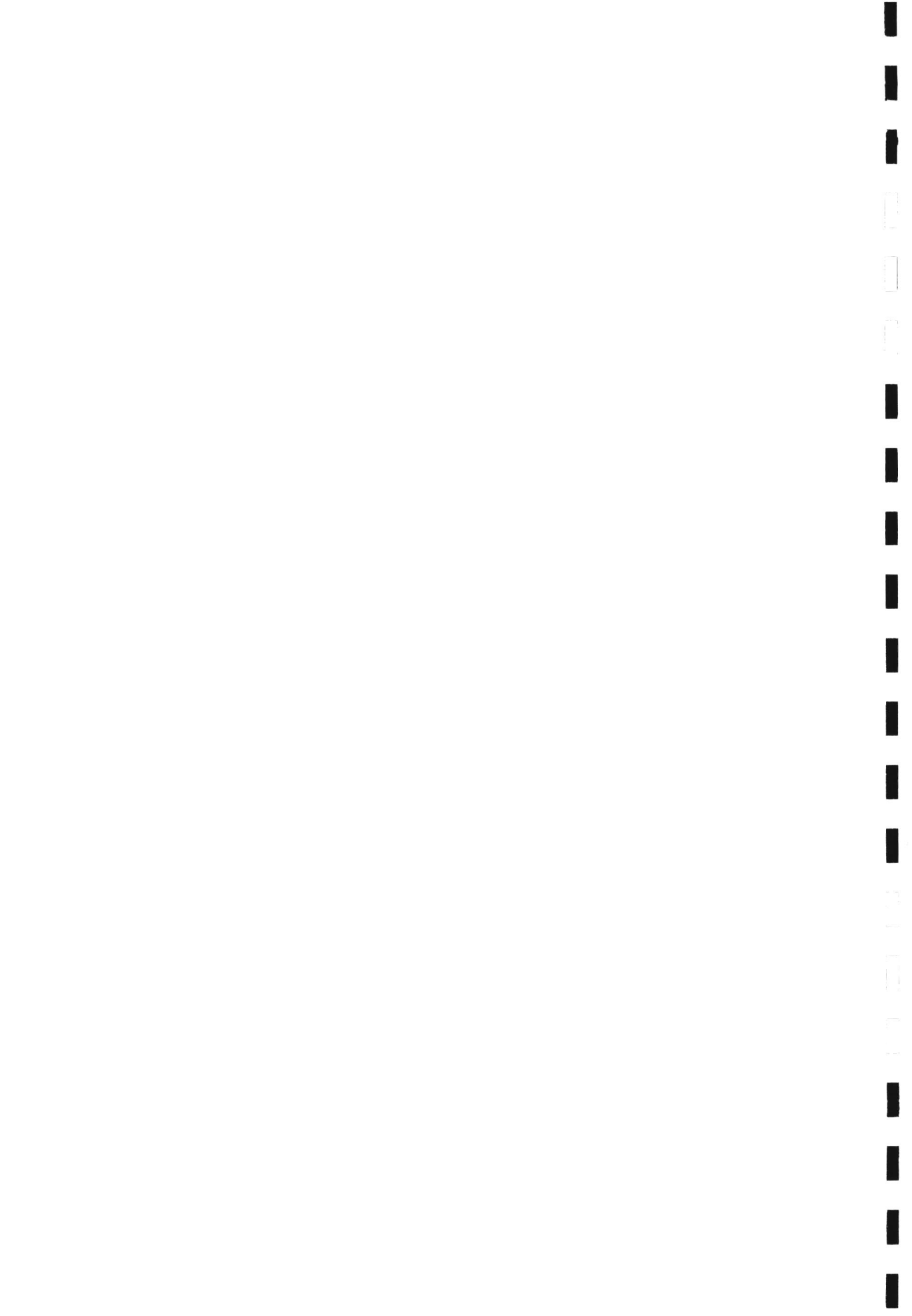


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I. KEY KIBABII UNIVERSITY COLLEGE INFORMATION AND MANAGEMENT

(a) BACKGROUND INFORMATION

The University College is a body corporate established in Kenya under Kibabii University College Order Number 115 of 12th August, 2011. The Strategic Plan 2012-2017, reaffirms the mandate of Kibabii University College to provide facilities for university education, research, enhancement of knowledge and to stimulate the intellect. In addition, the University College undertakes to contribute to industrial and technological development through innovation and technology transfer as well as foster the general welfare of staff, students and the community.

The University College has embarked on setting up its own systems, structures and policies. It is however faced with immense challenges including stalled projects, inadequate water supply and shortage of accommodation as well as staff in the face of increasing enrolment of students. The College requires support in order to meet its mandate and accomplish its mission and vision.

(b) PRINCIPAL ACTIVITIES

The mandates of Kibabii University College, as contained in the Legal Notice No. 115 of August 2011 are;

- (i) To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya.
- (ii) To participate in the research, transmission and preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, cultural, scientific and technological development of Kenya.
- (iii) To provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower needs;
- (iv) To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University College;
- (v) To examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, degree courses and subjects of study;
- (vi) To play a leading role in the development and expansion of the opportunities for higher education and research;
- (vii) To contribute to industrial and technological developments through innovations and technology transfer.
- (viii) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, and consultancy services;
- (ix) To participate in commercial ventures and other activities for the benefit of the institution, the community and stakeholders;
- (x) To contribute to agriculture, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;
- (ix) To develop and provide educational, cultural, professional, technical and vocational services to the community and in particular foster corporate social responsibility and the practical arts;
- (xii) To provide programmes, products and services in ways that reflect the principles of equity and social justice;

- (xiii) To facilitate student mobility between different programmes at different training institutions, universities and industry; and
- (xiv) To foster the general welfare of all staff and students.

PHILOSOPHY

Kibabii University College embodies the view that Science, Technology and Innovation are critical for sustainable utilization of material and human resources for the posterity of the universe.

VISION

To be a global and dynamic University of excellence in Science, Technology and Innovation.

MISSION

To achieve excellence in generation, transmission and enhancement of new knowledge in Science, Technology and Innovation through quality Teaching, Research, Training, Scholarship, Consultancy and Outreach programmes.

MOTTO

Knowledge for Development

CORE VALUES

To undertake its mission and realize its vision, Kibabii University College upholds the following values:-

Productivity- The University College shall strive to produce well trained and qualified graduates.

Professionalism-The University College Staff shall conduct themselves with decorum and adhere to professional ethics.

Excellence- The University College shall ensure quality teaching research and provision of excellence in teaching, research and provision of service to the public.

Accountability and Transparency - The University College Staff shall explain the rationale of activities done and avoid any actions that might border on any malpractice.

Equity – The University College Management shall ensure that there are equal opportunities for all without any form of discrimination, be it gender, race, disability, age, religion or ethnicity.

Integrity – The University College staff shall have common decorum reflected in their personal appearances, interactions and conducts.

Academic freedom- The University College shall encourage the spirit of free and critical thought, and reflective inquiry among students and staff.

Social responsibility- The University College shall promote awareness and provide leadership in responding to issues and problems affecting the society.

Innovation – The University College shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

Respect for human rights – The University College shall ensure that constitutional rights of all staff and students are upheld.

(c) KEY MANAGEMENT

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

- University College Council
- University College Management Board
- Academic Board
- Deans Committee

(d) FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Prof. Isaac Ipara Odeo
2.	Deputy Principal (Planning, Administration and Finance)	Prof. Shem O. Aywa
3.	Deputy Principal (Academic, Research and Extension)	Prof. Solomon I. Shibairo
4.	Deputy Finance Officer	Benjamin M. Oduori
5.	Deputy Registrar (Administration)	David B. Namasaka

(e) REGISTERED OFFICE

Kibabii University College
Off Bungoma-Chwele Road
P. O. Box 1699 – 50200,
BUNGOMA.
Tel. 020-2028660/0708-0859934/0734-831729
Email: enquiries@kibabiiuniversity.ac.ke

(f) KIBABII UNIVERSITY COLLEGE CONTACTS

Telephone: (254) 020-2028660/0708-0859934/0734-831729
E-mail: enquiries@kibabiiuniversity.ac.ke
Website: www.kibabiiuniversity.ac.ke

(g) KIBABII UNIVERSITY COLLEGE BANKERS

1. Kenya Commercial Bank
Bungoma Branch
P. o. Box 380, 50200
BUNGOMA

1. Barclays Bank Limited
Bungoma Branch
P. O. Box 91, 50200
BUNGOMA
2. Standard Chartered Bank Kenya Limited
Bungoma Branch
P. o. Box 2531, 50200
BUNGOMA
3. Equity Bank Limited
Bungoma Branch
P. O. Box 2450 - 50200
BUNGOMA
4. National Bank of Kenya Limited
Bungoma Branch
P. O. Box 25 - 50200
BUNGOMA
5. Family Bank Limited
Bungoma Branch
P. O. Box 1068 – 50200
BUNGOMA






(h) INDEPENDENT AUDITORS





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

(I) PRINCIPAL LEGAL ADVISER

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

II. MEMBERS OF THE UNIVERSITY COLLEGE COUNCIL

 <p>Prof. Shem Migot Adholla, EBS, 73, Chairman B.A (Hons), University of East Africa-Dar es Salaam, M.A (Sociology)-University of California, Ph.D (Sociology of Development)-University of California</p>	<p>Joined in 2013 as the Chairman of Council. He has wide experience in land policy, agriculture, rural development and environmental issues from across the world having served in various capacities in the World Bank and the Kenyan Government as Permanent Secretary in the Ministry of Agriculture and Rural Development.</p>
 <p>Prof. Isaac Ipara Odeo, 60, College Principal B.ED (Arts) (UON), M.ED (Kenyatta University), Ph.D (Moi University)</p>	<p>Joined in 2013 as the Principal and Secretary of Council. He is an educationist with over 25 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
 <p>Mrs. Connie Okwisa Mogaka, 62, Member M.A in Sociology, Jawaharlal Nehru University, Higher Dip (Professional Counseling), (KAPC) PGDE (NIEPA), B.ED (UoN)</p>	<p>Joined in 2013 as a Member of Council. She has wide experience in education matters having served the Government of Kenya as a PDE, Senior Assistant Director of Education, National Coordinator for Early Childhood Development, Education Attach to New Delhi India and a consultant at the Aga Khan Foundation (EA).</p>
 <p>Prof. Mary Wanjiku Gikungu, 50, Member PhD in Mathematics and Natural Science (University of Bonn, Germany, MSc. in Biology of Conservation, University of Nairobi, BSc. in Botany and Zoology, University of Nairobi</p>	<p>Joined in 2013 as a Council Member. Dr Gikungu has over 23 years experience as a research scientist. Currently, She is a Senior Research Scientist and Head of centre for Bee Biology and Pollination at the National Museums of Kenya.</p>
 <p>Mr. Lawrence Omuhaka, 45, Member MBA in Human Resource, Kenyatta University B.ED (Arts), University of Nairobi</p>	<p>Joined in 2013 as a Council Member. He is a seasoned teacher and human resource management professional. His experience spans to over 14 years. Currently, he is the Head of human resource, Kakamega County Government.</p>

 <p>Dr. Nicodemus Ojuma Anyang, 50, Member PhD in Educational Administration, Moi University Med, Kenyatta University, BEd (Arts), Kenyatta University</p>	<p>Dr. Anyang joined in 2013 as a Council Member. He has over 10 years experience in education management. Currently, he is the Turkana County Director of Education.</p>
 <p>Miss Cheptoo Caroline Irene, 34, Member Master of Art in Social Ministry with Specialization in Governance, Catholic University of Eastern Africa PGD in Gender and Development Studies, University of Nairobi, BA in Philosophy and Sociology, Catholic University of Eastern Africa</p>	<p>Ms Cheptoo joined in 2013 as a Council Member. She has over 7 years experience as a research associate. Currently, She is the Secretary/CEO West Pokot County Service Board.</p>
 <p>Mr. David N. Watene, 48, Principal Secretary, Rep. PS., Ex-Officio Members Ministry of Education, Science and Technology PS Representative, Ministry of Education, Science and Technology. M.ED (Administration & Planning), U.O.N, Kenya (2007), B.ED (Arts, Accounting & Economics), U.O.N, Kenya (2004)</p>	<p>Mr. Watene joined in 2013 as a Council Member representing the Permanent Secretary, Ministry of Education, Science and Technology. He is currently Assistant Director State Department of Education with wealth of experience in the education administration and planning.</p>
 <p>Mr. James Muriuki Gatere , 49, Principal Secretary , Rep. PS., Ex-Officio Members Ministry of National Treasury . Masters of philosophy in Education Administration, Planning, & Curriculum Development, Moi University, Kenya (1998) B.ED (Science), Kenyatta University , Kenya (1991)</p>	<p>Joined in 2013 as a Council Member. He is highly experienced in education matters in areas of design, implementation and evaluation of Training Programmes. Currently, He is the Ag. Director Human Resource Development, National Treasury</p>

III. OFFICERS OF THE UNIVERSITY COLLEGE

 <p>H.E. Hon. Mwai Kibaki, 83, C.G.H., M.P., Retired President and Commander-in-Chief of the Armed Forces of the Republic of Kenya, Chancellor</p>	<p>He was the third President of Kenya, serving from December 2002 to April 2013. Kibaki was previously Vice-President of Kenya for ten years from 1978 to 1988 under President Daniel arap Moi. He also held cabinet ministerial positions in the Kenyatta and Moi governments, including a widely acclaimed stint as Minister for Finance (1969-1981) under Kenyatta, and Minister for Home Affairs (1982-1988) and Minister for Health (1988-1991) under Moi. Kibaki served as an opposition Member of Parliament from 1992 to 2002. He unsuccessfully stood as a presidential candidate in 1992 and 1997. He served as the Leader of the Official Opposition in Parliament from 1998 to 2002. In the 2002 presidential election, he was elected as President of Kenya.</p>
 <p>Prof. Shem Migot Adholla, EBS, 73, Chairman B.A (Hons), University of East Africa-Dar es Salaam M.A (Sociology)-University of California Ph.D (Sociology of Development)-University of California</p>	<p>Joined in 2013 as the Chairman of Council. He has wide experience in land policy, agriculture, rural development and environmental issues from across the world having served in various capacities in the World Bank and the Kenyan Government as Permanent Secretary in the Ministry of Agriculture and Rural Development.</p>
 <p>Prof. Isaac Ipara Odeo, 60 , Principal B.ED (Arts) (UON), M.ED (Kenyatta University), Ph.D (Moi University)</p>	<p>Joined in 2013 as the Principal and Secretary of Council. He is an educationist with over 25 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
 <p>Prof. Shem Omukunda Aywa, 52, Deputy Principal (Planning, Administration And Finance) B.ED (Sci.) (Kenyatta University), M.Sc (Kenyatta University), Ph.D (Potchefstroom University)</p>	<p>Joined in 2013 as Deputy Principal (PAF). He is an educationist with wide teaching experience of over 23 years at the University level. Prof. Aywa has also held various leadership positions at the same institutions.</p>

 <p>Prof. Solomon Igosangwa Shibairo, 54, Deputy Principal (Academic, Research & Extension) B.Sc (Agric) (UON), M.Sc (Agronomy) (UON), Ph.D (Plant Science) (University of British Columbia)</p>	<p>Prof. Shibairo joined in 2013 as Deputy Principal (ARE). He has over 24 years teaching experience at the institutions of higher learning. He has also held various leadership positions at the same institutions.</p>
 <p>David B. Namasaka, 44, Deputy Registrar (Administration) B. ED (Arts) (UON), MSC (Disaster Management & Humanitarian Assistance) (MMUST)</p>	<p>Mr Namasaka joined in 2012 as Ag. Senior Assistant Registrar (Administration). He has over 5 years administrative experience at the institutions of higher learning.</p>
 <p>Margaret M. Wanambisi, 47, Senior Assistant Librarian B.A. (Education & Sociology) (Lucknow University), Blsc (Library & Information Sciences) (Lucknow University), PGD (Library & Information Sciences) (Institute of Management & Research)</p>	<p>Mrs Wanambisi joined in 2012 as a Senior Assistant Librarian. She has over 10 years experience in library and information management at institutions of higher learning.</p>
 <p>Benjamin Musina Oduori, 42, Deputy Finance Officer BBM (Accounting & Finance) (Moi), MBM (Accounting) (Moi), CPA (K)</p>	<p>Joined in 2013 as Deputy Finance Officer. He is a professional accountant with over 15 years experience in auditing and assurance and finance at the institutions of higher learning.</p>

IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the 3rd Kibabii University College Financial Report for the year ended 30th June, 2015. The University College this year endeavored to increase the number of programmes to enhance access to higher education as it prepares for the award of charter.

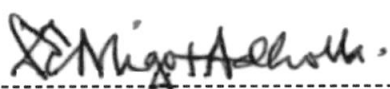
The vision of the University College is to be a global and dynamic University of excellence in Science, Technology and Innovation. Various structures have been developed by the University College Council which include; Academic board, Deans Committee, Management Board and Faculty/School boards to ensure effective and efficient stewardship of the University College functions.

The University College seeks linkages with the private and public sectors to enhance quality of teaching, particularly during industrial training and school practice. In the financial year 2014/2015 the University College signed memorandum of understanding with various institutions both locally and internationally with aim of enhancing academic excellence.

I wish to appreciate the Government of Kenya and organizations like the Higher Education Loans Board for continuing to support our students in paying their fees. An increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students pursue their studies. I appeal for further support from the private sector and Non-Governmental Organizations.

The University College Council would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the University College meet its financial obligations. The University College faces huge challenges in putting up critical infrastructure including learning and accommodation facilities. The University College is adversely affected by low support by the Government hence not able to complete stalled projects in time and meet other academic as well as administrative activities.

I thank our students, parents, and other stakeholders for choosing to invest in the institution and urge that together we should strive to achieve higher levels of excellence in the coming years.

SIGNATURE:---------- DATE:----- 28th September, 2015 -----

PROF. SHEM MIGOT ADHOLLA, EBS
CHAIRMAN – KIBABII UNIVERSITY COLLEGE COUNCIL

**V. PRINCIPAL'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE, 2015**

The financial year ending 30th June, 2015 provided thrilling experience and exciting achievement by the University College as it continued its independent operations. During this period the University College continued with implementation of its five year strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of productivity, professionalism, excellence, accountability and transparency, equity, and innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in the public and private sectors.

Financial Performance Highlights

The University College recorded an improved revenue base because of the expansion of programmes and continuous admissions in January and May intakes which increased the number of students. However, the expansion of programmes also resulted in increased operational costs. Our major challenge is developing mechanisms of instituting cost reduction while implementing quality assurance systems to ensure quality of programmes is not compromised.

The University College received Kshs. 649,393,618.40 in Recurrent and Capital Grants. These grant accounted for 74% of the total receipts by the University College while 26% was generated through internal sources. The Recurrent capitation grant has not been increased proportionately to match the ever increasing needs as a result of the University College position and high demands from students and staff. The Government released Kshs. 177,746,667.00 allocated for capital development in the 2014/2015 financial year which was fully utilized.

Although there has been progress, the University College still has shortcomings as a result of lack of adequate teaching space, Laboratories as well as offices for academic and administrative staff. This is due to low funding by the Exchequer.

I would like to thank the Government of Kenya and other stakeholders for their continued financial support during the year under consideration.

Lastly, I would like to thank the University College Council, staff, students and other stakeholders for their overwhelming co-operation in running the University College during the year under review.

SIGNATURE:  **DATE:** 28th September, 2015
PROF. ISAAC IPARA ODEO
PRINCIPAL, KIBABII UNIVERSITY COLLEGE

VI. CORPORATE GOVERNANCE STATEMENT

The members of Council have committed themselves to the service of Kibabii University College and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

The Council

The council consists of nine members inclusive of the Principal as the secretary. The council members and their meeting attendance are indicated below;

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
			19 th December, 2014	27 th January 2015	27 th June, 2015
1.	Prof. Shem Migot-Adholla		✓	✓	✓
2.	Prof. Mary Gikungu		✓	✓	✓
3.	Mr. David Watene		✓	✓	✓
4.	Mr. James Gatere		✓	✓	✓
5.	Mrs. Connie Mogaka		x	✓	✓
6.	Miss Caroline Cheptoo		x	✓	✓
7.	Dr. Nicodemus Anyang		✓	✓	✓
8.	Mr. Lawrence Omuhaka		✓	✓	✓
9.	Prof. Isaac I.Odeo		✓	✓	✓

The biographies of the Council Members are published on page vi-vii. These Council Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the University College.

Council Responsibilities

The University College Council undertakes the following responsibilities;

1. The Council is the governing body of the University College through which the University College acts and undertakes the following;
 - a) Administers the property and funds of the University College in a manner and for the purposes which promotes the interest of the University College; but the Council does not charge or dispose of immovable property of the University College except in accordance with the procedures laid down by the Government of Kenya;
 - b) Receives, on behalf of the University College, donations, endowments, gifts, grants or other moneys and make disbursements there from to the University College or other bodies or persons;
 - c) Provides for the welfare of the staff and students of the University College;
 - d) May enter into association with other universities, university colleges or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate; and

- e) May, after consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the University College.
2. All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signed under the hand of the Chairman, the Principal or any other members of the Council generally or specifically authorized by the Council in that behalf.
3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the University College.
5. Constantly reviews the viability and financial sustainability of the University College, and does so once every year.
5. Ensures that the University College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Council Committees

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council.

In the financial year 2013/2014 the Council approved the following committees;

APPEALS BOARD

Membership was as indicated in the table below but the committee did not have any meeting since there was no issue to be deliberated on.

NO.	NAME	TITLE
1.	Ms. Connie Okwisa Mogaka	Chairperson
2.	Mr. Lawrence O. Omuhaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Principal Secretary, National Treasury	Member

Mandate

The role of the appeals board considers appeals and make appropriate recommendations to Council.

APPOINTMENTS AND PROMOTIONS COMMITTEE

This is committee discharges the responsibility of appointments and promotions of Professors, Associate Professors and Equivalent Administrative and Library Grades.

Membership and meeting attendance of the appointment and promotions committee is as indicated below;

NO.	NAME	1 ST QUARTER		2 ND QUARTER	3 RD QUARTER		4 TH QUARTER
		DATE		DATE	DATE		DATE
		26 th September, 2014	27 th September, 2014		27 th March, 2015	28 th March, 2015	
1.	Prof. Shem Migot - Adholla	✓	✓		✓	✓	
2.	Mr. David Watene	✓	✓		✓	✓	
3.	Mr. James Gatere	✓	✓		✓	✓	
4.	Mrs. Connie Mogaka	✓	✓		✓	✓	
5.	Mr. Lawrence Omuhaka	✓	✓		✓	✓	
6.	Prof. Isaac I. Odeo	✓	✓		✓	✓	

Mandate

- To consider qualified candidates for filling vacant positions in the University for Professors, Associate Professors and Equivalent Administrative and Library Grades.
- To interview candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.
- To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades

AUDIT, RISK AND COMPLIANCE COMMITTEE

Membership and meeting attendance:

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
			18 th December, 2014		11 th June, 2015
1.	Prof. Mary Gikungu		✓		✓
2.	Miss Caroline I. Cheptoo		x		✓
3.	Mr. David Watene		✓		✓
4.	Mr. Lawrence Omuhaka		✓		✓

Mandate

- Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls. Monitor management's response to and implementation of internal control recommendations.

- b) Assisting the Principal in enhancing internal controls in order to improve efficiency, transparency and accountability.
- c) Resolving unsettled and unimplemented measures raised by Public Investment Committee's (PIC).
- d) Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
- e) Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
- f) Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws regulations, procedures, plans and ethics.
- g) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Principal.
- h) Review and assess, at least annually, the Audit Committee's Charter and submit changes to the Charter for approval by the Council.
- i) Advice on Quality and Performance Monitoring.
- j) Perform other oversight functions as may be requested by the University College Council from time to time.

AWARDS, HONORARY DEGREES AND SEALING COMMITTEE

The committee did not hold any meeting in 2014/2015 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Prof. Shem Migot-Adholla	Chairman
2.	Ms. Connie Okwisa Mogoka	Member
3.	Dr. Mary W. Gikungu	Member
4.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

- a) To receive and consider proposals to Council and nominations for the award of honorary degrees.
- b) To recommend to Council award of honorary degrees
- c) To authorize on behalf of the Council the application of the University seal to documents.

FINANCE, GENERAL PURPOSES, BUILDING AND DEVELOPMENT COMMITTEE

Membership and meeting attendance;

NO.	NAME	1 ST QUARTER	2 ND QUARTER		3 RD QUARTER	4 TH QUARTER
		DATE	DATE		DATE	DATE
		15 th August, 2015	17 th October, 2015	11 th December, 2015	26 th January, 2015	11 th June, 2015
1.	Dr. Nicodemus O. An yang	✓	✓	✓	✓	✓
2.	Prof. Mary Gikungu	✓	✓	x	✓	✓
3.	Mr. David Watene	✓	✓	✓	✓	✓
4.	Mr. James Gatere	✓	✓	✓	✓	✓
5.	Prof. Isaac I. Odeo	✓	✓	✓	✓	✓

Mandate

1. To take charge of all arrangements for erection of new buildings once the finances have been made available.
2. To receive and consider reports on the performance of various contractors.
3. To be responsible for authorizing expenditure for all maintenance work with the provision that the Committee will have the authority to delegate the minor maintenance work to an executive sub-committee of the University.
4. To provide progress reports to Council or the Finance and General Purposes Committee.
5. To recommend and effect as appropriate any modification in physical facilities as may be necessary.
6. To consider and make recommendations to the Council on acquisition of new fixed assets including land and to advise the Council on utilization of such assets and land.

DISCIPLINARY COMMITTEE (ASLA)

The committee did not hold any meeting in 2014/2015 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Dr. Mary W. Gikungu	Chairperson
2.	Mr. David Watene	Rep. PS (MOEST)
3.	Principal Secretary, Public Service	
4.	Union Representatives of the concerned staff	
5.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

To handle matters related to the discipline of University College staff in Academic, Senior Library and Administrative functions.

STATUTES, TERMS AND CONDITIONS OF SERVICE COMMITTEE

Membership and meeting attendance:

NO.	NAME	1 ST QUARTER		2 ND QUARTER	3 RD QUARTER		4 TH QUARTER
		DATE		DATE	DATE		DATE
		4 th September, 2014	5 th September, 2014		12 th March, 2015	13 th March, 2015	
1.	Mr. Lawrence Omuhaka	✓	✓		✓	✓	
2.	Dr. Nicodemus O. Anyang	✓	✓		✓	✓	
3.	Mrs. Connie Mogaka	✓	✓		✓	✓	
4.	Miss Caroline Irene Cheptoo	✓	✓		✓	✓	
5.	Mr. David Watene	✓	✓		✓	✓	
6.	Prof. Isaac I. Odeo	✓	✓		✓	✓	

Mandate

- a) To make recommendations to Council on staff welfare related issues.
- b) To recommend to Council improvement in the job grading classification as the Committee may consider appropriate.
- c) To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all University employees.
- d) To examine the format and the contents of the University Statutes and make appropriate recommendations to Council for appropriate legislation as provided for in the Kibabii University Legal Notice No. 115.

EXECUTIVE COMMITTEE OF COUNCIL

The committee did not hold any meeting in 2014/2015 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Prof. Shem Migot -Adholla	Chairman
2.	Ms. Connie Okwisa Mogaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Mr. James Gatere	Rep. PS. (National Treasury)
5.	Mr. David Watene	Rep. PS (MOEST)
6.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

To deal/handle matters of Council as deemed appropriate by Council.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kibabii University College continued to dedicate part of its earnings to social responsibility activities aimed at enhancing the livelihoods of those living close to the institution and all Kenyans in general. During the year under review, the University College focused on activities aimed at making a positive impact on various communities while creating a cordial relationship and raising the institution's profile. Areas of focus included education, provision of water, environmental conservation, support to sporting activities and health care provision.

Water Provision

Kenya is classified as a water-stressed country. Many African countries lack safe drinking water which is the cause of socio-economic problems including starvation and disease. The challenge is more pronounced in rural areas where women and children walk long distances daily in search of water, which is sometimes polluted. Waterborne diseases are still a concern as many people succumb to them annually. Kibabii University College is committed to ensure provision of clean water to its communities through the establishment of water collection points. In 2014/2015 financial year the University College completed construction of one underground water tank and installation of water harvesting tanks within the campus to ensure a steady water supply to the stakeholders.

Education

The University College through the needy students fund initiated by the institution's Council awarded 49 scholarships to bright, disadvantaged students giving them a chance to sit University Examinations. Due to scarcity of funds the University College could not be able to award all the needy students tuition scholarships hence only very deserving students were considered. The University College will continue to solicit funds from its business partners in order to support the ever increasing number of needy students. The University College also supported Bukusu Primary school in feeding standard seven and eight pupils. The University College also committed to supporting the school to improve quality of leave.

Environmental Conservation

In Kenya, the effects of climate change and other environmental challenges are having an enormous impact not only on human life, but also on businesses. The pressure on natural resources and the environment in general is huge and calls for concerted efforts to alleviate the situation. Kibabii University College has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems. In the 2014/2015 financial year, the University College participated in tree planting activities Environmental cleaning and community sensitization on environmental issues.

Tree Planting Activities

The University College through Environmental Management Mainstreaming Committee organised a tree planting event with an aim to achieve soil and water conservation, the University College scheduled the tree planting exercise on 26th April 2015, where a total of 1,810 assorted tree seedlings were planted.

This was a very significant exercise since environmental issues go beyond the University College. Apart from being an environmental conservation activity the exercise was done in commemoration of the recent Garissa attack where a total of 147 people, mainly students lost their lives due to terrorism. The occasion was graced by **Mr. Fredrick Odunga, the TSC County Director, Bungoma as the Guest of Honour.**

In honour of the fallen colleagues in Garrissa, the participants led by the Guest of Honour and the Deputy Principals planted an initial 147 tree seedlings at a corner around the oxidation ponds before the main exercise where a total of 1,663 seedlings were planted within the University College compound. This brings to a total of 1, 810 assorted seedlings.



Dr. Obino, Chair, Environment Management Mainstreaming Committee assisting one of the Guests to plant a tree during Kibabii University Collage tree planting day on 24/04/2015. The tree planting was done in the Commemoration of the 147 Student who died in Terrorist attack at Garissa University College. Looking on is Prof. S. Shibairo, Deputy Principal (ARE).

Environmental Clean-up Exercise

Environmental Management Mainstreaming Committee identified (in the last quarter) Kibabii University College and its environs as one of the priority areas requiring clean-up given increased human activities brought about by the establishment and unprecedented growth of the University College. The first phase of the clean-up exercise was conducted on Saturday 11th October 2015. It was conducted within Kibabii University College, its immediate environs and along Mayanja – Kanduyi stretch of Bungoma – Chwele road.



The Chair of Environment Management Mainstreaming Committee of the University College (Dr.Obino) joins students and members of the local community in the environmental leaning-up exercise

The participants included the following; KIBUCO staff and student, National Environmental Management Authority (NEMA), The County Government of Bungoma, Local community members, Pupils from neighbouring primary schools, Members of the Interior and Coordination, Private sector (Stanchart Bank, Shell Kenya, Generations Hotel, Bungoma West Chemist, Total Kenya, Bungoma Chemist, Bank of Africa), The Red Cross and the Media (KNT, Milele FM, etc).

The University College is very grateful to the County Government of Bungoma and NEMA (Bungoma Office) for their continued support of environmental conservation efforts at the University College.

Community Sensitization on Environmental Issues

In the financial year 2014/2015 Kibabii University College organised a community Environmental sensitization event during the clean-up exercise. The Chief Guest (Mr. Jacob Asembo) together with other stakeholders gave speeches to sensitize participants including the local community members on environmental conservation and the need to keep the environment clean and safe for everybody.

Construction of Oxidation Ponds

The University College with the objective of being environmentally sensitive completed construction of oxidation ponds for the provision of sewer services to its stakeholders. This will eliminate complaints from the surrounding community.

VIII. REPORT OF THE COUNCIL

The Council submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the Kibabii University College's affairs.

Principal activities

The principal activities of the Kibabii University College are to offer higher education, research and extension services.

Results

The results of the Kibabii University College for the year ended June 30, 2015 are set out on page 1.

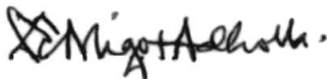
Directors

The members of the Council Members who served during the year are shown on page vi- vii.

Auditors

The Auditor General is responsible for the statutory audit of the Kibabii University College in accordance with the Section 68 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Council



Prof. Shem Migot-Adholla
Council Chairman
Bungoma

Date: 28th September, 2015.....

IX. STATEMENT OF COUNCIL MEMBER'S RESPONSIBILITIES

Section 68 (k) of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Council Members to prepare financial statements in respect of that *Kibabii University College*, which give a true and fair view of the state of affairs of the *Kibabii University College* at the end of the financial year/period and the operating results of the *University College* for that year/period. The Council Members are also required to ensure that the *University College* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *University College*. The Council Members are also responsible for safeguarding the assets of the *University College*.

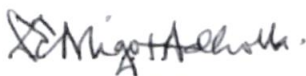
The Council Members are responsible for the preparation and presentation of the *University College's* financial statements, which give a true and fair view of the state of affairs of the *University College* for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *University College*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *University College*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the *University College's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Council Members are of the opinion that the *University College's* financial statements give a true and fair view of the state of *University College's* transactions during the financial year ended June 30, 2015, and of the *University College's* financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the *University College*, which have been relied upon in the preparation of the *University College's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

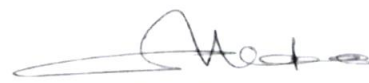
The *Kibabii University College's* financial statements were approved by the Council on 28th September 2015 and signed on its behalf by:



Council Chairman



Council Member



Council Member

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIBABII UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kibabii University College set out on pages 1 to 27 which comprise the statement of financial position as at 30 June, 2015 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 14 of the Public Audit Act, 2003 and submit the report in accordance with Article 229 (7) of the Constitution. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

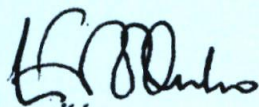
My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and report in compliance with provisions of Section 229 of the Constitution. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 College'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, of the financial position of Kibabii University College as at 30 June, 2015, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with Kibabii University College order No. 115 of 12 August 2011.



FCPA, Edward R. O. Ouko, CBS

AUDITOR GENERAL

Nairobi

05 January 2016

**XI. KIBABII UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2015**

	Note	2014-2015	2013-2014
Revenue from non-exchange transactions			
Exchequer grants	3	231,670,749	206,505,672
Public contributions and donations		0	1,155,000
		231,670,749	207,660,672
Revenue from exchange transactions			
Rendering of services	4	15,972,306	13,148,682
Tuition fees	5	214,607,848	127,128,875
Rental revenue from facilities and equipment	6	1,794,600	2,090,200
Finance income – Interest on deposits	7	0	2,184,267
Other income	8	47,470,914	22,990,565
		279,845,668	167,542,589
Total revenue		511,516,418	375,203,261
Expenses			
Administrative expenses	9 (a)	493,940,999	350,477,353
Marketing expenses	10	11,893,596	9,559,474
Total expenses		505,834,595	360,036,827
Surplus before tax		5,681,823	15,166,434
Surplus for the period		5,681, 823	15,166,434
Attributable to:			
Surplus attributable to owners of the controlling Kibabii University College		5,681,823	15,166,434
		5,681,823	15,166,434

The notes set out on pages 11 to 26 form an integral part of the Financial Statements

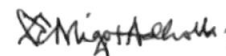
**XII. KIBABII UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL POSITION
As at 30 June 2015**

	Note	20142015 Kshs	20132014 Kshs
Assets			
Current assets			
Cash and cash equivalents	11	46,917,443	50,856,766
Receivables from exchange transactions	12	103,025,615	73,067,837
Receivables from non-exchange transactions	13	20,555,896	0
Inventories	14	10,511,679	10,727,581
		181,010,632	134,652,184
Non-current assets			
Property, plant and equipment	15(a) & (b)	1,686,901,489	1,535,952,438
		<u>1,686,901,489</u>	<u>1,535,952,438</u>
Total assets		<u>1,867,912,121</u>	<u>1,670,604,622</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	90,562,908	76,683,899
Total liabilities		<u>90,562,908</u>	<u>76,683,899</u>
Net assets		1,777,349,213	1,593,920,723
Reserves		1,668,657,287	1,490,910,620
Accumulated surplus		<u>108,691,926</u>	<u>103,010,103</u>
Total net assets and liabilities		<u>1,777,349,213</u>	<u>1,593,920,723</u>

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



Principal



Chairman of the Council

Date 28th September, 2015.....

Date 28th September, 2015.....

**XIII. KIBABII UNIVERSITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2015**

	Capital Reserves	Revaluation Reserves	Revenue Reserves	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2012	0	0	-6,182,526	-6,182,526
Development Grants	33,587,515	0	0	33,587,515
Surplus/(Deficit) for the Year	0	0	94,026,195	94,026,195
As at 30 June 2013	33,587,515	0	87,843,669	121,431,184
As at 1 July 2013	33,587,515	0	87,843,669	121,431,184
Surplus/(Deficit) for the Year	0	0	15,166,434	15,166,434
Capital Funds	50,223,809	1,407,099,296	0	1,457,323,105
As at 30 June 2014	83,811,324	1,407,099,296	103,010,103	1,593,920,723
As at 1 July 2014	83,811,324	1,407,099,296	103,010,103	1,593,920,723
Surplus/(Deficit) for the Year	0	0	5,681,823	5,681,823
Capital Funds	177,746,667	0	0	177,746,667
As at 30 June 2015	261,557,991	1,407,099,296	108,691,926	1,777,349,213

**XIII. KIBABII UNIVERSITY COLLEGE
STATEMENT OF CASH FLOWS**

	Note	2014-2015 Kshs	2013-2014 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		5,681,823	15,166,434
Adjustments for :-			
Depreciation	15(a)	34,147,835	16,793,583
Interest income	7	0	-2,184,267
Operating surplus before working capital changes		39,829,658	29,835,500
Increase/Decrease in stocks and stores		215,903	-7,834,222
Increase/(decrease) in Trade and other payables		13,879,009	42,180,827
Decrease/(increase) in Trade and other receivables		-50,513,673	-30,802,736
Net cash from operating activities		-36,418,762	3,543,869
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-currents assets	15(a)	-185,096,887	-83,395,339
Interest received	7	0	2,184,267
Net cash flows from investing activities		-185,096,887	-81,211,072
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital reserves		177,746,667	50,223,809
Net cash flow from financing activities		177,746,667	50,223,809
Net increase/Decrease in Cash and cash equivalents		-3,939,323	2,332,356
Cash and cash equivalent at 1st July, 2014		50,856,766	48,524,410
Cash and cash equivalent at 30th June, 2015		46,917,443	50,856,766

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ITEM CODE	BUDGET SUMMARY DETAILS	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE
		2014/2015 KShs.	2014/2015 Kshs.	2014/2015 Kshs.	2014/2015 Kshs.	2014/2015 Kshs.
	INCOME					
	Income from Exchequer					
100	Exchequer Grants	246,670,750.00	-	246,670,750.00	246,670,750.00	-
	Appropriations in Aid (A-I-A)					-
101	Tuition Fees	123,228,000.00	30,348,867.35	153,576,867.35	214,607,848	(61,030,980.65)
102	Other Income- Administrative & Related Charges	13,919,360.00	29,436,385.00	50,360,745.00	47,470,914	2,889,830.63
103	Rendering of Services- Students Accommodation Fees	3,686,400.00	8,656,600.00	12,343,000.00	15,972,306	(3,629,305.75)
104	15 % Research Income	-	-	-	-	-
107	Field Trips/At tachment/School Practice Courses	4,648,000.00	1,553,000.00	6,201,000.00	-	6,201,000.00
	Sub - Total	145,481,760.00	69,994,852.35	215,476,612.35	278,051,068.12	(62,574,455.77)
	Income from IGU's					-
105	Rental Income & other income	4,062,230.00	4,740,909.00	1,798,139.00	1,794,600	3,539.00
106	Consultancy Fees	-	-	-	-	-
	Sub - Total	4,062,230.00	4,740,909.00	8,803,139.00	1,794,600.00	7,008,539.00
	Total A-I-A	149,543,990.00	74,735,761.35	224,279,751.35	279,845,668.12	(55,565,916.77)
	Gross Income	396,214,740.00	74,735,761.35	470,950,501.35	526,516,418.12	(55,565,916.77)
	EXPENDITURE					-
	(i) Administrative Costs					-

	(a) Compensation to Employees					-
000	Personal Emoluments	100,834,452.00	12,754,310.63	113,588,762.63	118,796,824.37	(5,208,061.74)
001	Gratuity & Pensions Contributions	20,960,330.40	3,689,111.87	24,649,442.27	25,779,622.88	(1,130,180.61)
002	House Allowance	59,731,344.00	9,955,972.70	69,687,316.70	72,882,490.58	(3,195,173.88)
003	Other Personal Allowances	17,396,560.00	(1,156,418.67)	16,240,141.33	16,984,754.24	(744,612.91)
004	House to Office Allowance	17,940,240.00	378,224.06	18,318,464.06	19,158,368.37	(839,904.31)
005	Passage and leave Expenses	1,803,542.00	455,852.00	2,259,394.00	2,362,987.55	(103,593.55)
006	Part-Time Lecturers costs and PSSP disbursements	21,560,721.30	32,743,698.44	54,304,419.74	56,794,285.50	(2,489,865.76)
	Sub - Total	240,227,189.70	58,820,751.03	299,047,940.73	312,757,333.50	(13,709,392.77)
	(b) Staff and Students Welfare					-
200	Medical expenses	5,049,655.41	4,725,703.59	9,775,359.00	10,151,179.00	(375,820.00)
201	Inter-University Games & other students activities	975,048.94	161,641.06	1,136,690.00	1,136,690.00	-
202	Purchase of Uniforms & Clothing	274,865.02	(274,865.02)	-	-	-
203	Public Celebrations & Staff Welfare	40,000.00	16,280.00	56,280.00	56,280.00	-
204	Students Expenses	219,403.15	979,323.85	1,198,727.00	1,204,727.00	(6,000.00)
205	Choir, Drama & Clubs	293,189.35	544,560.65	837,750.00	853,350.00	(15,600.00)
206	Coaching & Mentoring	116,658.49	(77,498.49)	39,160.00	39,160.00	-
207	HIV & AIDS	145,484.11	(12,584.11)	132,900.00	132,900.00	-
208	Purchase of Sports Equipments	948,162.35	(53,967.35)	894,195.00	914,695.00	(20,500.00)
210	Students Admission Expenses	309,847.84	1,480,672.16	1,790,520.00	1,790,520.00	-

211	SGC Elections & Training	488,315.75	415,774.25	904,090.00	904,090.00	-
212	Car Loan & Mortgage Scheme	-	-	-	-	-
213	KIBUCOSA-SGC	1,200,000.00	-	1,200,000.00	1,184,497.00	15,503.00
300	Transport Operating Expenses	3,886,170.27	(13,723.02)	3,872,447.25	3,872,447.25	-
301	Travelling & Accommodation Expenses	3,290,853.92	(113,804.05)	3,177,049.87	3,452,749.87	(275,700.00)
302	External Travelling & Accommodation Exp.	186,575.04	53,624.96	240,200.00	240,200.00	-
303	Postal & Telegram Expenses	114,654.25	58,737.85	173,392.10	190,732.10	(17,340.00)
304	Telephone Expenses	819,236.57	800,105.43	1,619,342.00	1,547,341.97	72,000.03
305	Office Expenses	598,194.01	57,984.49	656,178.50	656,178.50	-
306	Purchase of Stationery	3,431,220.51	1,090,078.49	4,521,299.00	4,921,179.00	(399,880.00)
307	Council Expenses	5,441,230.63	1,622,799.37	7,064,030.00	6,039,902.00	1,024,128.00
310	Audit Fees & Expenses	749,631.86	178,368.14	928,000.00	928,000.00	-
311	Purchase of Computers, Printers & Other ICT Infrastructure	2,445,894.39	(324,744.39)	2,121,150.00	3,889,027.79	(1,767,877.79)
313	Legal & Insurance Expenses	1,772,687.78	220,659.22	1,993,347.00	2,131,044.00	(137,697.00)
314	Recruitment & Training Expenses	552,548.65	(273,808.65)	278,740.00	278,740.00	-
315	Purchase of Motor Vehicles	-	-	-	-	-
316	Purchase of Plant, Furniture & Equipment	-	-	-	-	-
317	Performance Contracting Projects	3,000,000.00	(900,250.00)	2,099,750.00	1,658,000.00	441,750.00
318	Purchase of ERP System	3,392,000.00	(3,175,250.00)	216,750.00	216,750.00	-
319	CBA Refund	32,643,730.10	(17,643,730.10)	15,000,000.00	15,000,000.00	-

320	Strategic Plan Preparation, Implementation & Monitoring & Master Plan Development	832,924.29	(130,074.00)	702,850.29	702,850.01	0.28
321	Consultancy & Valuation Expenses	1,249,386.44	663,009.56	1,912,396.00	1,912,396.00	-
322	ISO, Performance Contracting & University Charter	13,500,000.00	(2,000,000.00)	11,500,000.00	11,173,022.00	326,978.00
	Sub - Total	87,967,569.11	(11,924,976.11)	76,042,593.00	77,178,648.49	(1,136,055.49)
	(c) Academic (Teaching, Research, Consultancy& Extention)			-		-
400	Field Trips/Attachments/School Practice supervision	4,648,000.00	9,516.00	4,657,516.00	5,021,386.00	(363,870.00)
402	External Examiners	719,437.80	133,821.20	853,259.00	853,259.00	-
401	Examination Expenses	219,434.90	1,254,365.10	1,473,800.00	1,473,800.00	-
403	Internet services	1,000,000.00	818,798.80	1,818,798.80	1,818,798.80	-
404	Deans, Senate Committees, & Conferences expenses	8,584.67	59,926.66	68,511.33	68,511.33	-
405	Graduation Expenses	388,698.00	(388,698.00)	-	-	-
406	Open & Cultural Day Expenses	456,609.10	565,475.90	1,022,085.00	1,022,085.00	-
408	Library Expenses & Bindery	-	237,315.59	237,315.59	-	237,315.59
409	Books & Journals	7,013,281.27	(1,884,695.27)	5,128,586.00	10,310,764.73	(5,182,178.73)
410	Bookshop Expenses	-	-	-	-	-
411	Caution Money	400,000.00	(400,000.00)	-	-	-
412	Marking Centre	-	-	-	-	-
413	Hire of Transport, Plant & Machinery	12,493.86	(12,493.86)	-	-	-
414	University Research Programme	1,249,386.44	395,213.56	1,644,600.00	1,244,600.00	400,000.00

415	Teaching Materials	4,478,153.31	1,824,890.69	6,303,044.00	5,064,766.00	1,238,278.00
	Sub - Total	20,594,079.36	2,613,436.36	23,207,515.72	26,877,970.86	(3,670,455.15)
	(d) Support Services					-
500	Utilities (Electricity, Water & Conservancy)	8,358,686.67	3,250,569.30	11,609,255.97	11,978,011.97	(368,756.00)
501	Payment of Rent & Rates	1,256,044.55	422,318.45	1,678,363.00	2,611,900.95	(933,537.95)
502	Maintenance of Catering & Hostel facilities	1,592,107.02	(89,857.02)	1,502,250.00	1,594,100.00	(91,850.00)
503	Cleaning Services	8,014,353.28	7,152,105.26	15,166,458.54	15,166,458.54	-
504	Maintenance of Plant, Furniture & Equipment	-	-	-	-	-
505	Maintenance of Computers	505,307.40	(275,439.40)	229,868.00	229,868.00	-
506	Maintenance of Buildings	3,278,107.48	166,761.72	3,444,869.20	3,352,824.80	92,044.40
507	Affiliation, Contract Services & Subscriptions	32,206.41	216,193.59	248,400.00	19,000.00	229,400.00
508	Maintenance of Water Supplies & Sewerage	3,378,136.61	(2,550,911.61)	827,225.00	827,225.00	-
509	Maintenance of Playgrounds & Parks	859,910.48	93,499.52	953,410.00	953,410.00	-
511	Security Services	3,841,345.04	4,900,603.99	8,741,949.03	6,468,152.33	2,273,796.70
512	Telecommunication Maintenance	199,346.55	(199,346.55)	-	-	-
513	Fungicides & Insecticides & Sprays	182,463.73	(9,943.73)	172,520.00	172,520.00	-
510	Catering Expenses	11,225,947.58	6,130,892.97	17,356,840.55	17,710,242.58	(353,402.03)
514	Tender expenses & other related charges	-	-	-	1,151,150	(1,151,150.00)
515	Bank charges	-	-	-	130,352	(130,352.10)
516	Provision for bad and doubtful debts (Increase)	-	-	-	1,997,321	(1,997,321.35)
517	Depreciation	-	-	-	34,147,835	(34,147,834.95)

	Sub - Total	42,723,962.81	19,207,446.50	61,931,409.30	98,510,372.58	(36,578,963.28)
	Total Administrative Costs	391,512,800.98	68,716,657.77	460,229,458.75	515,324,325.43	(55,094,866.68)
	(ii) Marketing Costs					-
308	Advertising & Publicity	2,858,255.55	4,657,837.05	7,516,092.60	5,545,732.80	1,970,359.80
407	Publishing & Printing Expenses	822,373.92	593,296.08	1,415,670.00	1,415,670.00	-
309	Show Expenses & University Exhibitions	1,021,309.55	767,970.45	1,789,280.00	1,789,280.00	-
	Sub - Total	4,701,939.02	6,019,103.58	10,721,042.60	8,750,682.80	1,970,359.80
	Gross Expenditure	396,214,740.00	74,735,761.35	470,950,501.35	524,075,008.24	(53,124,506.89)
	Budget Surplus/Deficit	-	-	-	2,441,409.88	(2,441,409.88)

NOTE TO THE BUDGET VARIANCES

1.0 Tuition

This is attributed to a significant increase in enrolment in both GSSP and PSSP which resulted to a variance of 40%.

2.0 Students Accommodation Fees

The variance of 29% was as a result of the increased number of both Government sponsored students and privately sponsored students who contributed to increase in occupancy in the hostels.

3.0 Field Trips/Attachment/School Practice

The variance of 10% was as a result of the increased number of both Government sponsored students and privately sponsored students who due for field trips, attachments and school practice.

4.0 Purchase of Computers, Printers & Other ICT Infrastructure

The variance of 83% was attributed to increase in demand of computers and computer infrastructure by students across the University Schools and Faculties which necessitated the increase in the expenditure line.

5.0 Books and Journals

The variance of 101% was as a result of demand for books and e-resources by increased number of students in the University. Books and e-resources are core to academic progression of students in the University.

6.0 University Research Programmes

The variance of 24% was as a result of research programmes that the University engaged in the financial year. Research is critical to an institution of higher learning hence this necessitated increase in expenditure due to needs for research that a rose with the financial year.

7.0 Teaching Materials

The variance of 20% was attributed to increase in student's population who were to be served by the services providers hence necessitated the increase in the expenditure.

8.0 Payment of Rent and Rates

The University pays rent for the Bungoma Town Campus were the facility is rented. The variance of 56% is attributed to due to increased leaning space as a result of the increased numbers of students at the centre.

9.0 Advertising and Publicity

The variance of 26% is attributed to increasing need to market the University programmes since the institution is still at infancy stage hence increase the revenue base.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The Kibabii University College's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) pronounced by the Public Sector Accounting Standards Board as a requirement of the Public Finance Management Act, 2012. The University College Adopted International Public Sector Accounting Standards (IPSAS) for the first time with effect from 30th June, 2014.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University College and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

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

2. Summary of significant accounting policies

a) Revenue recognition

I) Revenue from non-exchange transactions

Transfers from the Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University College and can be measured reliably.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University College and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The University College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the University College.

Interest income

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

Rental income

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

b) Budget information

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

The University College is exempted from taxation under the first schedule of the income tax Act Cap 470.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University College recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off of carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life

f) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

Financial assets and financial liabilities are recognised in the University College's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

Government securities

Government securities comprise treasury bonds which are debt securities issued by the Government of Kenya. Government securities are classified as held to maturity and are stated at amortised cost.

Short term deposits

Short term deposits are classified as held to maturity and are stated at amortised cost.

Receivables

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

Impairment of financial assets

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for receivable impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are included in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Financial liabilities

Trade payables

Trade payables are current and are stated at their nominal value.

i) 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 condition are accounted for, as follows:

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

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

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

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

Contingent liabilities

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

l) Changes in accounting policies and estimates

The University College 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) Employee benefits

Retirement benefit plans

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

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

Kibabii University College 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 College or vice versa. Members of key management are regarded as related parties and comprise the University College Council and Management.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

1. The condition of the asset based on the assessment of experts employed by the University College
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
3. The nature of the processes in which the asset is deployed
4. Availability of funding to replace the asset
5. Changes in the market in relation to the asset

u) Subsequent events

3. Exchequer Grants

	2015	2014
	Kshs.	Kshs.
July	20,555,896	18,870,000
August	20,555,896	55,150,000
September	20,555,896	14,880,000
October	20,555,896	17,581,214
November	20,555,896	14,991,192
December	20,555,895	14,991,192
January	20,555,896	14,991,192
February	20,555,896	14,991,192
March	20,555,896	14,991,192
April	20,555,896	21,747,462
May	20,555,896	28,503,732
June	20,555,896	29,973,575
TOTAL	246,670,749	261,661,942
LESS CBA REFUND	-15,000,000	55,156,270
	231,670,749	206,505,672

CBA refund relate to 2010-2013 collective bargaining agreement money negotiated between Universities Unions and Inter Publics Universities Consultative Forum paid to the University College erroneously hence required to be refunded.

4. Rendering of services

	2015	2014
	Kshs.	Kshs.
Catering services	3,694,915	2,206,582
Accommodation services	12,099,000	10,856,500
Grass income	10,600	8,000
Hire income	167,791	77,600
Total revenue from the rendering of services	15,972,306	13,148,682

5. Tuition

	2015	2014
	Kshs.	Kshs.
Tuition Fees	214,607,848	127,128,875
Total revenue from the tuition	<u>214,607,848</u>	<u>127,128,875</u>

6. Rental revenue from facilities and equipment

	2015	2014
	Kshs.	Kshs.
Rent income	1,794,600	2,090,200
Total rentals	<u>1,794,600</u>	<u>2,090,200</u>

7. Finance income

	2015	2014
	Kshs.	Kshs.
Interest on deposit	0	2,184,267
Total finance income	<u>0</u>	<u>2,184,267</u>

8. Other income

	2015	2014
	Kshs.	Kshs.
Activity fee	4,069,000	2,450,800
Agency fees	96,892	54,125
Amenity fee	4,042,500	2,325,000
Application fee	2,418,973	988,450
Computer charge-Fines & Penal	1,500	237,000
Computer fees	8,297,375	93,750
Examination fee	5,635,750	3,383,190
Identity card	522,000	394,250
KUSO Collections	1,646,800	966,800
Library fee	447,800	539,100
Medical Subsidy	6,892,000	4,257,500
Registration fee	1,180,200	941,700
School practice/Attachment fee	6,513,000	5,532,400
Supervision	2,579,300	356,000
Student fines	868,824	0
Tender income	179,000	164,000
Thesis examination fees	2,080,000	306,500
	<u>47,470,914</u>	<u>22,990,565</u>

9. (a) Administration expense

	2015	2014
	Kshs.	Kshs
Employment costs Note 9 (b)	319,792,894	207,303,890
Academic board expenses	49,750	110,720
Affiliation fees	2,298,627	248,400
Choir, drama & clubs	1,139,300	517,100
Cleaning services	22,452,943	11,071,920
Computer expenses	2,350,018	2,121,150
Couching & mentoring	39,160	20,000
Council Expenses	7,185,473	10,077,381
Cultural & careers week	1,139,085	497,200
Depreciation	34,147,835	16,793,583
Electricity, water & conservancy	11,651,939	18,152,499
External examiners	1,789,518	659,044
External travel & accommodation	6,039,838	3,095,716
Graduation expenses	0	49,000
Hire of transport	0	15,000
Income generating units expense	9,191,292	17,407,311
Insurance and legal expenses	2,318,097	3,037,542
Interuniversity games	2,085,000	933,440
Library expenses	8,469,992	1,128,586
Maintenance expenses	6,431,916	6,475,870
Motor vehicle expenses	3,569,407	3,360,491
Official entertainment	661,442	1,166,282
Other administrative charges	0	2,218,665
Passage & package	1,048,990	987,840
ISO, Performance Contracting & University Charter	7,585,042	2,099,750
Postal and telegrams	206,908	780,476
Provision for audit fees	464,000	749,632
Provision for bad and doubtful debts (Increase)	1,997,321	2,562,622
PSSP support services	0	3,018,479
Public celebrations & funerals	254,000	4,000
Purchase of sports equipment	272,070	129,240
Purchase of stationery	3,775,157	4,468,649
Purchase of uniform	0	29,994
Rent and rates	2,113,784	2,842,846
School practice	6,371,451	487,300
Security services	10,551,692	8,741,949
Seminars & conferences	1,915,703	1,378,690
SGC elections & training	700,200	1,376,180
Staff training & development expenses	414,300	33,250
Student expenses	2,138,496	1,861,335
Teaching material	2,870,613	9,025,582
Telecommunication maintenance	15,650	514,886
Telephone expenses	1,939,796	1,076,070
Tender expenses & other related charges	1,906,746	729,029

Bank charges	130,352	1,118,765
Research expenses	903,150	0
ERP & ICT expenses	177,750	0
Strategic Plan & Master Plan expenses	3,257,801	0
HIV/AIDS expenses	126,500	0
Total	493,940,999	350,477,353

9. (b) Employee costs

	2015 Kshs.	2014 Kshs.
Employee related costs-salaries and wages	239,337,673	161,443,426
Part time expenses	72370,670	37,638,103
medical aids	8,084,551	8,222,361
Employee costs	319,792,894	207,303,890

10. Marketing Costs

	2015 Kshs.	2014 Kshs.
Advertising & Publicity	8,605,386	7,153,593
Publishing and printing	1,512,970	2,025,121
University Shows and Exhibitions	1,775,240	380,760
Total finance costs	11,893,596	9,559,474

11 Cash and cash equivalents

	2015 Kshs.	2014 Kshs.
Kenya Commercial Bank Limited-889	24,826,088	41,808,529
Kenya Commercial Bank Limited-Deposit	5,498,160	1,116,477
Kenya Commercial Bank Limited-Payment	11,118,838	6,694,285
Cash in Hand	39,000	0
Petty Cash	18,030	73,531
National Bank of Kenya Limited-PENSION	1,242,977	40
National Bank of Kenya Limited-Fees Collection	197,950	54,100
EQUITY BANK Limited-508	2,569,635	241,590
EQUITY BANK Limited-898	920,605	515,509
Standard Chartered Bank (K) Ltd	396,409	352,604
Family Bank Limited	89,650	0
Barclays Bank of Kenya Limited	101	101
Total cash and cash equivalents	46,917,443	50,856,766

12. Receivables from exchange transactions

Current receivables	2015	2014
	Kshs.	Kshs.
Students fees debtors	91,198,861	51,252,433
Staff debtors	389,500	10,785,109
Other debtors (MMUST & PPOA)	11,437,254	11,030,295
Total current receivables	<u>103,025,615</u>	<u>73,067,837</u>

13. Receivables from non-exchange contracts

Current receivables	2015	2014
	Kshs.	Kshs.
Capitation grant due	20,555,896	0
Total current receivables	<u>20,555,896</u>	<u>0</u>

14. Inventories

	2015	2014
	Kshs.	Kshs.
Consumable stores	2,575,247	3,336,739
Medical supplies	1,246,148	1,683,760
Electrical & plumbing materials	5,823,266	4,819,285
Catering	867,018	887,797
Total inventories at the lower of cost and net realizable value	<u>10,511,679</u>	<u>10,727,581</u>

15(a) Property, Plant and Equipment

	LAND	BUILDINGS	W.I.P	PLANT AND EQUIPMENT	COMPUTERS, PRINTERS & COPIERS	FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
COST/VALUATION	KSHS	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
AS AT 1ST JULY,2013	15,147,000	18,071,704	-	600,976	4,471,480	9,586,656	14,373,571	62,251,386
AS AT 1ST JULY,2013	-	-	15,072,586	1,024,002	-	-	-	16,096,588
PRIOR YEAR ADJUSTMENT	-	-	-	-75,000	- 288,944	-660,000	-	-1,023,944
TRANSFERS FROM CAPITAL WORK IN PROGRESS	-	11,607,586	-15,072,586	-	-	-	3,465,000	-
RECLASSIFICATION	-	-	-	-87,500	-	87,500	-	-
ADDITIONS	9,152,728	-	-	12,790,703	7,052,329	32,441,537	5,730,398	67,167,695
DONATION	-	-	-	-	1,155,000	-	-	1,155,000
REVALUATION	71,853,000	877,246,296	458,000,000	-	-	-	-	1,407,099,296
AS AT 30 JUNE,2014	96,152,728	906,925,586	458,000,000	14,253,181	12,389,865	41,455,693	23,568,969	1,552,746,021
CHARGE FOR THE YEAR	-	-	-	1,772,273	4,029,607	5,099,462	5,892,242	16,793,583
CLOSING NET BOOK VALUE	96,152,728	906,925,586	458,000,000	12,480,908	8,360,258	36,356,231	17,676,726	1,535,952,438
AT 30 JUNE 2014 COST	96,152,728	907,294,397	458,000,000	14,339,035	14,622,253	42,825,215	28,360,158	1,561,593,785
ACCUMULATED DEPRECIATION	-	368,811	-	1,858,126	6,261,995	6,468,984	10,683,432	25,641,348
AS AT 30 JUNE, 2014	96,152,728	906,925,586	458,000,000	12,480,908	8,360,258	36,356,231	17,676,725	1,535,952,438
ADDITIONS	-	-	172,356,768	750,000	5,331,820	6,658,297	-	185,096,885
AS AT 30 JUNE,2015	96,152,728	906,925,586	630,356,768	13,230,908	13,692,078	43,014,530	17,676,725	1,721,049,325
CHARGE FOR THE YEAR	-	18,138,512	-	1,653,864	4,559,462	5,376,816	4,419,181	34,147,835
AS AT 30 JUNE, 2015	96,152,728	888,787,074	630,356,768	11,577,045	9,132,616	37,637,714	13,257,544	1,686,901,490
AT 30 JUNE 2015 COST	96,152,728	907,294,397	630,356,768	15,089,035	19,954,073	49,483,514	28,360,158	1,746,690,672
ACCUMULATED DEPRECIATION	-	18,507,323	-	3,511,990	10,821,457	11,845,800	15,102,613	59,789,183
CLOSING NET BOOK VALUE	96,152,728	888,787,074	630,356,768	11,577,045	9,132,616	37,637,714	13,257,544	1,686,901,489

1. The prior year adjustments relate to non asset items purchased and included the respective assets categories. These were items like cartridges and toners wrongly classified as assets.
2. The transfers from work in progress relates to construction works on a septic tank done and completed during the financial year 2013/2014.
3. The reclassification item relates to fittings wrongly captured under plants and equipments in the prior year 2012/2013.
4. The revaluation amount of land includes a valuation of Kshs. 3,000,000 for land donated by the Mzee Kisongochi Family in the Financial year 2013/2014.
5. Work in Progress and Furniture and Fittings is composed of capital grants received from GOK amounting to Kshs. 177,746,667.00. The amount in Furniture and Fittings includes capital grant of Kshs. 5,389,899.00 utilized in fabrication of student's lecturer chairs.

15 (b) Donations

This relates to donation of computers and printers by Kenya Tourism Trust Fund.

15 (c) In the year under review there was no any fully depreciated asset since the University began its operations in the financial year 2012/2013

16. Trade and other payables from exchange transactions

	2015	2014
	Kshs.	Kshs.
Trade payables	30,091,915	54,912,769
Payments received in advance (prepaid fees)	20,679,319	7,100,922
Third-party payments (Part-timers claims)	0	4,977,965
Provision for bad debts	4,559,943	2,562,622
Payroll due-June, 2015	22,512,895	0
Unremitted pension contributions (May, 2015)	2,633,829	0
Students accounts	757,320	1,504,800
HELB account	185,500	1,394,500
CDF	1,517,474	648,400
SACCO funds	0	0
Provision for audit fees	508,686	749,632
Kibabii University College Pension Scheme	1,045,057	0
Kibabii University Needy Students Fund	920,605	0
Caution money	5,150,365	2,832,290
Total trade and other payables	<u>90,562,908</u>	<u>76,683,899</u>

17. Related party disclosures

The following transactions were carried out with related parties

	2015	2014
(i) Key management compensation		
Salaries and other short term employment benefits	<u>19,203,876</u>	<u>15,595,175</u>
(ii) Council remuneration		
Allowances paid to council members	<u>7,185,473</u>	<u>10,077,381</u>
(iii) Grants from related parties		
Grant from GOK	<u>424,417,416</u>	<u>311,885,750</u>
(vi) Due from related parties		
Masinde Muliro University of Science & Technology & PPOA	<u>11,437,254</u>	<u>11,030,295</u>

18. Cash generated from operations

	2015	2014
	Kshs.	Kshs.
Surplus for the year before tax	5,681,823	15,166,434
Adjusted for:		
Depreciation	34,147,835	16,793,583
Finance income	0	-2,184,267
Working capital adjustments:		
Increase in inventory	215,903	-7,834,222
Increase in receivables	50,513,674	-30,802,736
Increase in payables	<u>13,879,009</u>	<u>42,180,827</u>
Net cash flows from operating activities	<u>3,410,895</u>	<u>33,319,619</u>

19 Events after the reporting period

There were no material non-adjusting events after the reporting date.

20. Risk management policies

The University College's principal financial assets are, trade receivables and cash and short term deposits which arise directly from its operations. The University College has financial liabilities comprising trade and other payables.

The University College has exposure to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks

The Council has overall responsibility for the establishment and oversight of the University College's risk management framework.

The University College's risk management policies are established to identify and analyses the risks faced by the University College, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Principal oversees how management monitors compliance with the University College's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the University.

Market risk management

Interest rate risk

The University College has no interest bearing borrowings or investments and is financed by cash generated from its operations. This risk is therefore not applicable.

Foreign currency risk

The University College undertakes certain transactions denominated in foreign currencies, mainly the US Dollar. This results in exposures to exchange rate fluctuations. The balances impacted in this regard are the balance due to suppliers requires payments in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising matching of assets and liabilities.

Liquidity risk

Liquidity risk is the risk that the University College will not be able to meet its financial obligations as they fall due. The University College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College's reputation. Typically the University College ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All liquidity policies and procedures are subject to review and approval by the Council. All capital investments are funded by the Government.

Credit risk

Credit risk is the risk of financial loss to the University College if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The University College receives fees from students which minimizes the credit risk exposure. The University College has a student's fees payment policy which defines how and when fees are supposed to be paid hence minimizes credit risk.

Classification of credit risk bearing assets

The table below represents University College's maximum exposure to credit risk as at 30 June 2015 and 2014.

At 30 June 2015

	Fully performing Shs	Past due Shs	Impaired Shs	Total Shs
Trade receivables	103,025,615			103,025,615
Bank balances	46,917,443	-	-	46,917,443
Total	149,943,058	000	000	149,943,058

At 30 June 2014

Trade receivables	73,067,837	-	-	73,067,837
Government securities	-	-	-	-
Bank balances	50,856,766	-	-	50,856,766
Total	123,924,603	000	000	123,924,603

All the University College's receivables are fully performing and are expected to be repaid. Bank balance includes cash in hand and deposits held with banks. Bank balances are not restricted to any use by the client.

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A	N/A

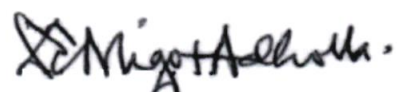
Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within Kibabii University College responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Principal

Date...28th September, 2015



Chairman of the Council

Date...28th September, 2015





KIBABII UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science and Technology)

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