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LAIKIPIA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2019**

LAIKIPIA



UNIVERSITY



*Annual Report & Financial Statements
for the Year Ended 30th June, 2019*

OFFICE OF THE COMPTROLLER GENERAL
P. O. Box 30084 - 00100, NAIROBI

REGISTRY

30 SEP 2019

RECEIVED

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

(September, 2019)

Vision: A University for Valued Transformation of Society

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

FORWARD

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February 2013. As the University continues to grow in leaps and bounds, there is need to give full disclosures to the Government, staff and other stakeholders in line with principles of good governance and statutory mandate.

This Annual Report highlights major achievements in our programmes and activities in line with our core mandate of research, education, scholarship, outreach and consultancy. The Report provides a factual presentation of the University's activities for the year ended 30th June 2019. The Report also contains financial statements of the University disclosing the most important items within Income, Expenses, Assets, Liabilities and Reserves.

The year witnessed drafting of various University policies and most remarkably the Financial Management Policies and Procedures Manual which is expected to improve on financial management and reporting. In the same year, the University formulated and adopted a new Strategic Plan (2018/19-2022/23) that is expected to reposition the University as influential voice on higher education through transformation of the society.

From a financial perspective, the University continues to exhibit resilience in its growth trajectory amid tough economic times. During the year under review, the University recorded commendable growth in net surplus, from Kes. 27.93 million in 2017/2018 to Kes. 63.34 million in 2018/2019.

ABOUT US

Laikipia University was founded in 1929 as a primary school by William Thomas Alfred Levet. Between 1965 and 1970, the Institution served as a Large-Scale Farmers Training College (LSFTC). The LSFTC was administered by the Ministry of Agriculture and Animal Husbandry. In October 1979, it was converted into an Animal Husbandry and Industry Training Institute (AHITI) offering a two-year course leading to a Certificate in Animal Health. In 1990, Laikipia University was established as a Campus of Egerton University. It remained a campus of Egerton University between 1990 till 2010 majoring in BEd Arts. In 2011 it became a Constituent University College of Egerton University until 19th February 2013.

Laikipia University was awarded Charter on 19 February 2013 by the then President of the Republic of Kenya; his Excellency Hon. Mwai Kibaki This made the institution a fully-fledged University.



Award of Charter (13th February, 2013)

Currently, the University has four (4) schools offering various programmes. The schools are;

- ❖ School of Education,
- ❖ School of Science and Applied Technology,
- ❖ School of Business and Economics and
- ❖ School of Humanities and Development Studies

VISION AND MISSION

Our Corporate Vision

A University for valued transformation of society

Our Corporate Mission

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

Our Core values

The key values that underpin what Laikipia University does are:

- ❖ Quality
- ❖ Integrity
- ❖ Respect

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KEY ENTITY INFORMATION

a) Background Information

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

b) Principal Activities

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

c) Entity Headquarters

Laikipia University
P. O. Box 1100-20300
Nyahururu
Along Nyahururu -Nakuru Road

d) Entity Contacts

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

e) Laikipia University Bankers

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

f) Independent Auditors

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

g) Principal Legal Adviser

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

CORE BUSINESS OF LAIKIPIA UNIVERSITY

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

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

CORPORATE GOVERNANCE, MANAGEMENT AND ETHICS

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

University Council

The University Council is the supreme organ that oversees the running of the University by the University Management Board and the Senate. The Council provides facilities necessary for carrying out the academic and administrative work of the University in accordance with the Charter and Statutes.

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

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

Council Meetings

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

Committees of the Council

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

Audit, Governance and Risk Management Committee

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

- ❖ Review financial statements before submission to the University Council focusing on changes of accounting policies, compliance with the International Public Sector Accounting Standards and legal requirements and the going concern assumption.

- ❖ Strengthen the effectiveness of the internal audit function.
- ❖ Maintain oversight on internal control systems
- ❖ Review and make recommendations regarding the University's budgets, financial plans and risk management.

Finance, Investment and General Purposes Committee of Council

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

Human Resource Management Committee

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

Academic and Research Committee

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

University Management Board

The Vice-Chancellor is the Chairman of the Senate and University Management Board. He is also the administrative and academic head of the University assisted by two Deputy Vice-Chancellors, one in Charge of Academic, Research and Students Affairs and the other in-charge of Administration, Finance and Planning.

University Senate

The University has four Schools (Education, Humanities and Development Studies, Science and Applied Technology and Business & Economics) and one Institute (Arid Lands Management) that offer both undergraduate and postgraduate studies. The University has various support departments. The Deans are the academic heads in their respective schools supported by chairperson of departments. Other members of the Senate include Directors heading various directorates in the University.

LAIKIPIA UNIVERSITY COUNCIL



Dr. Ken Nyaundi,
(PhD, LLM, LLB)

Chairman



Mr. Moses Siruri Marwa
(MSc –HRM, BSc.)

Member



Ms. Ruth Adhiambo Okowa
(MA, BA)

Member



CPA David Namu Kariuki
(MBA, BCom, CPA(K), CPS(K))

Member



Ms. Pauline Ngari
(MBA, BCom)

Member



CPA Moses M. Gakuru
(MBA, BBA, CPA(K), DIPM)

Rep. PS National Treasury



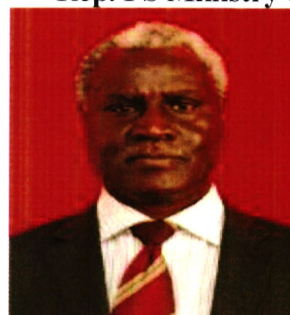
Dr. Mary W. Gaturu HSC.
(PhD, MEd., BEd.)

Rep. PS Ministry of Education



Ms. Susan Amlango Aletia
(MPH, BEd, Dip. (AGED))

Member



Prof. Kibett Rotich
(PhD, MBA, Msc, BSc.)
Vice Chancellor/Council Secretary

University Council Members' Profiles

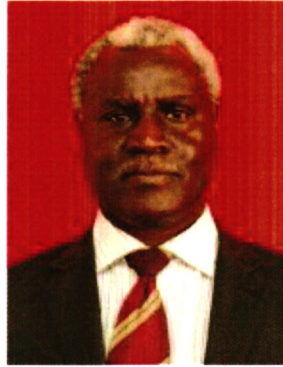
S/ No	Council Member	Date of Birth	Date of Appointment	Qualifications	Experience
1.	Dr. Ken Nyaundi, PhD (Chairman)	3/1/1967	10/03/2017	<ul style="list-style-type: none"> ❖ PhD - University of Cape Town (SA) ❖ LL.M - University of Cape Town (SA) ❖ LL.B - UoN 	<ul style="list-style-type: none"> ➤ Advocate, Marende and Nyaundi Associate
2.	Ms. Ruth Adhiambo Okowa (Member)	4/2/1971	10/03/2017	<ul style="list-style-type: none"> ❖ BA (Demography) - UoN ❖ MA (Demography) - UoN 	<ul style="list-style-type: none"> ➤ Demographer ➤ CEO – Living Water International
3.	Mr. Moses Siruri Marwa, PhD (Member)	15/2/1984	10/03/2017	<ul style="list-style-type: none"> ❖ MSc -HRM, JKUAT ❖ BSc (Agricultural Education and Extension) UoN 	<ul style="list-style-type: none"> ➤ Corporate Relationship Manager- Manufacturing Sector KCB ➤ Corporate Banker (Managerial Level), KCB Corporate Division ➤ Lecturer and Marketer (Skynet Business College Nairobi)
4.	Ms. Susan Amlango Aletia (Member)	19/8/1974	10/03/2017	<ul style="list-style-type: none"> ❖ Masters of Public Health (Disaster Management and Preparedness) Moi University. ❖ Bachelor of Education Science, Moi University. ❖ Diploma in Agricultural Education and Extension, Egerton University. 	<ul style="list-style-type: none"> ➤ UN Women, Gender Advisor to Turkana County Government ➤ Monitoring Specialist, Consultant, DFID; Hunger Safety Net Project ➤ Project Officer DFID; Hunger Safety Net Project ➤ Emergency Project Officer – UNICEF Kenya
5.	CPA David Namu Kariuki (Member)	15/8/1966	10/03/2017	<ul style="list-style-type: none"> ❖ MBA(Strategic Mgt) -, UoN ❖ Bachelor of Commerce, UoN ❖ CPA(K) ❖ CPS(K) 	<ul style="list-style-type: none"> ➤ Finance and Admin Director, Assured Management Solutions Ltd Financial ➤ Controller, Agro-Chemicals and Food Company Ltd ➤ Nairobi Safari Club and Sarova Hotels
6.	Ms. Pauline Ngari (Member)	4/6/1962	10/03/2017	<ul style="list-style-type: none"> ❖ MBA (Entrepreneurship), JKUAT ❖ BCOM (Marketing), Egerton 	<ul style="list-style-type: none"> ➤ Community Development Specialist ➤ CEO – Hand in Hand Eastern Africa
7.	CPA Moses M. Gakuru (Rep. PS National Treasury)	4/1/1959	14/10/2015	<ul style="list-style-type: none"> ❖ MBA (KeMU) ❖ BBA (KeMU) ❖ CPA(K) ❖ Dip. in Project Management (KIM) 	<ul style="list-style-type: none"> ➤ Assistant Director Accounting Services - National Treasury ➤ Chief Accountant - National Treasury ➤ Head of Accounting (Baringo County Government) ➤ Programme Financial Expert, CKDAP/IFAD PROJECT

8.	Dr. Mary W. Gaturu, PhD, HSC. (Rep. PS Ministry of Education)	20/11/1963	04.06.2018	<ul style="list-style-type: none"> ❖ PhD. –Kenyatta University ❖ Med. (Kenyatta University) ❖ Bed. – (Kenyatta University) ❖ Strategic Leadership - KSG 	<ul style="list-style-type: none"> ➤ Director, Directorate of Quality Assurance & Standards - MoE ➤ Deputy Director of Education – Ministry of Education ➤ Regional Co-ordinator of Education – Rift Valley ➤ Senior Graduate Teacher - TSC
9.	Prof. Kibett Rotich, PhD (VC/Council Secretary)	1958	12.06.2018	<ul style="list-style-type: none"> ❖ MBA (JKUAT) ❖ Post Doctorate in Medical Informatics, (Indiana University-USA) ❖ Ph.D. in Mathematics, Shanghai University of Science and Technology ❖ Msc. Statistics. (University of Southampton – UK) ❖ BSc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ➤ Vice-Chancellor, Laikipia University ➤ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ➤ Deputy Principal (Academic & Student Affairs) at Rongo University College ➤ Acting Principal Garissa University College ➤ Acting Principal at Kabianga Campus ➤ Dean, School of Public Health at Moi University ➤ Professor of Biostatistics at Moi University ➤ Associate Professor at Moi University ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)

University Council Committees

Name of Committee	Committee Members
Finance, Investment & General Purposes	<ol style="list-style-type: none">1. Mr. Moses Siruri Marwa - Chairperson2. Ms. Ruth Adhiambo Okowa3. Ms. Susan Aletia4. Dr. Mary W. Gaturu, PhD5. Prof. Kibett Rotich, PhD. (Vice Chancellor/Council Secretary)
Audit, Governance & Risk Management	<ol style="list-style-type: none">1. Mr. David Namu Kariuki - Chairperson2. Ms. Pauline Ngari3. Mr. Moses M. Gakuru
Human Resource Management	<ol style="list-style-type: none">1. Ms. Susan Aletia - Chairperson2. Ms. Ruth Adhiambo Okowa3. Mr. Moses Siruri Marwa4. Mr. David Namu Kariuki5. Ms. Pauline Ngari6. Mr. Moses M. Gakuru7. Dr. Mary W. Gaturu, PhD8. Prof. Kibett Rotich, PhD (Vice Chancellor/Council Secretary)
Academic & Research	<ol style="list-style-type: none">1. Ms. Ruth Adhiambo Okowa - Chairperson2. Mr. Moses Siruri Marwa3. Ms. Susan Aletia4. Mr. David Namu Kariuki5. Ms. Pauline Ngari6. Mr. Moses M. Gakuru7. Dr. Mary W. Gaturu, PhD8. Prof. Kibett Rotich, PhD. (Vice Chancellor/Council Secretary)

UNIVERSITY MANAGEMENT BOARD



Prof. Kibett Rotich,
(PhD, MBA, Msc., BSc.)
Vice Chancellor



Prof. L. Wanjiku Chiuri,
(PhD, MES, BA)
**Deputy Vice-Chancellor (Academic,
Research & Students Affairs)**



Prof. Isaac Ochieng,
(PhD, MCom., BCom)
**Ag. Deputy Vice-Chancellor
(Administration, Finance & Planning)**



Dr. Raphael Kiugu
(PhD, MSc., MEd., BEd.)
Registrar (Academics Affairs)

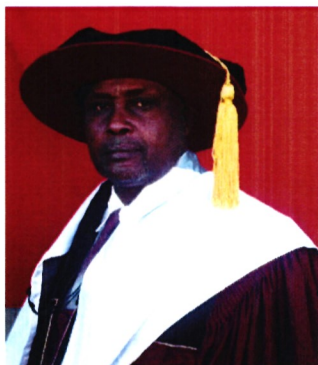


Mr. Joseph K. Kairu
(MBA, BA)
**Registrar (Administration
& Human Capital)**



CPA Geoffrey K. Langat
(MBA, BBA,(CPA(K))
Ag. Finance Officer

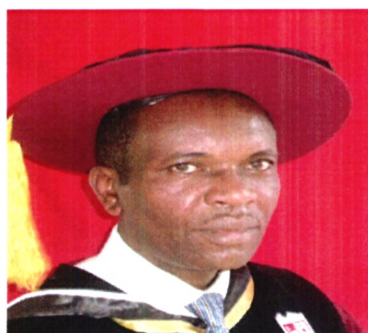
DEANS OF SCHOOLS



Prof. Mbuthia Ngunjiri
(PhD, MEd, BEd.)
Dean, School of Education



Prof. Charles Nguta
(PhD. MSc, BSc.)
Dean, School of Science and Applied Technology



Dr. Peter Mwaura
(PhD, MBA, BCom.)
Ag. Dean, School of Business



Prof. Vicky Telewa
(PhD. MA, Bed.)
Dean, School of Humanities and Development Studies

STATEMENT FROM THE CHAIRMAN OF COUNCIL



Dr. Ken Nyaundi, PhD

It is my pleasure, honour, and privilege to present to you on behalf of the Laikipia University Council, the annual Report and Financial Statements for the year ended 30th June, 2019. This annual report helps us to reflect on our performance for the year giving us an opportunity to celebrate our success and at the same time identify areas of improvement. The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand.

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

Overall Performance

The year 2018/2019 financial performance was achieved through concerted effort by the University Council, Management Board and the entire staff of Laikipia University. The total income increased from Kes. 1.14 billion in 2017/2018 to Kes. 1.25 billion in 2018/2019 Financial Year. The net surplus for the year increased from Kes. 27.93 million in 2017/2018 to Kes. 63.34 million in 2018/2019 FY. The net assets grew from Kes. 1.303 billion in 2017/2018 to Kes. 1.95 billion in 2018/2019 FY. This was a good performance and the Council is pleased to confirm that the University is operating in a sustainable manner.

Strategic Focus

The University continued to perform well in other areas as detailed in the operational highlights report. The University completed its strategic plan and certification to ISO 9001:2015 and ISO/IEC 27001:2013 is in its final stage. We have aligned our strategic-focused initiatives to all core areas of our operations within the University. We believe that these initiatives are fundamental in realization of improved future financial performance.

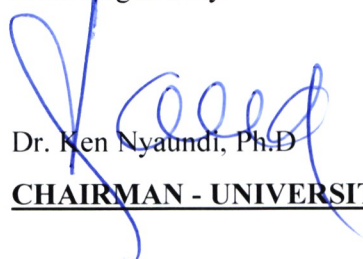
Our strategic plan will remain a key reference blueprint for the University in the path of implementation of our turnaround strategies and strategic focused initiatives. . We have put in place strategies to take advantage of opportunities in the markets we operate in. We firmly believe that

implementation of the strategy will enable the University increase its financial strength in the coming years.

Conclusion

On behalf of the University Council, I would like to congratulate and thank the University Management and Staff for their diligence and dedication during 2018/2019 FY that have resulted in a turnaround of the University performance compared to previous year. I would also like to acknowledge, with appreciation, the invaluable support from my colleagues on the Board which has helped steer the University's activities and strategies successfully throughout 2018/2019 FY.

I wish to recognize, with gratitude, the vital support, confidence, loyalty and trust that we have continued to receive from the Government of Kenya through the Ministry of Education, Suppliers and other stakeholders within the industry. The University Council will continue working closely with University Management Board especially in the next strategic planning cycle. The University has concluded its five years strategic plan for 2018/19 - 2022/2023 that we believe will take Laikipia University to the next level of academic excellence and continue playing a significant role in serving society.



Dr. Ken Nyatundi, Ph.D

CHAIRMAN - UNIVERSITY COUNCIL

STATEMENT FROM THE VICE CHANCELLOR



Prof. Kibett Rotich, PhD

It is a great honor to note the continued delivery of record financial results by the University. Certainly, the annual report and financial statement for the year ended 30th June, 2019 are an indication of a successful year. I am indeed delighted to be part of the team that delivered such impressive results.

Being my first year in Laikipia University, I want to thank the University Council, University Management, Senate, Heads of Departments, staff and students who greatly assisted in policy direction that has brought success and smooth operation in the University.

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

The 2018/2019 Annual Report captures the events of the year including physical infrastructure development and finances. The Report reflects the commitment and determination of the University to achieve world class excellence, despite the hurdles occasioned by economic down turn and its impact on recurrent funding from the Exchequer.

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

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

Financial Resources

As a public University, Laikipia University relies heavily on the government funding in order to run its operations. Although funding from the government has steadily increased over the years, it is not

commensurate with the increasing number of enrolled government sponsored students and the needs of the University. This deficit in funding is particularly pronounced in respect of Capital Funding from the National Government which has been on the downward trend. With a view to supplementing the capitation it receives from the government, the University is in the process of implementing a resource mobilization strategy to address the shortfall.

Review of LU Statutes

The University reviewed its 2013 Statutes and has come up with a Laikipia University Statutes of 2019. Through this review, the University has aligned its operations to relevant Government Policies and other agencies as required.

Automation of University Operations

The University Council and Management Board is committed to automation of all University processes to improve service delivery. In this regard, we procured an Enterprise Resource Planning (ERP) from ABNO Solutions Ltd and its implementation has already started. The new ERP is an integrated system comprising various interlinked modules in Students Management, Financial Management, Procurement and Stores Management, Human Resource Management, Payroll Management, Students Academics, Timetabling, Hostel Management, Library Management, Health Management and Students' Portal among others. To improve on University connectivity, we have procured and expanded internet connectivity networks (Local Area Network - LAN and WIFI) and also increased hotspots points in the University.

Visibility of the University in the Webometrics

During the year under review, the University improved on Webometric ranking by 282 steps from 14342 to 14070 internationally and nationally at 42. The improvement was occasioned by various factors including staff accessing pay-slips online, uploading of staff profiles on website, Leave forms on the website, quarterly uploading of publications and proposals, Establishment of students and staff portals and registration of Academic Staff on Google scholar and Research Gate among others.

Rebrand Schools at the University

The University is committed to quality education to its students. To improve on quality, we reviewed curriculum for twenty six (26) academic programmes and the School of Business was renamed to School of Business and Economics

ISO Certification

The University underwent the process of upgrading from ISO standard 9001:2008 to ISO 9001:2015 and ISO/IEC 27001:2013. The intention is to refocus the University's quality management systems to the best global quality management systems and practices and also ensure security of our information as per ISO certification. The University has met all certification requirements under the standard, including internal and external certification audits.

The Future

The University developed 2018/2019 to 2022/2023 Strategic Plan and aligned it to the "Big Four" Agenda, Medium-Term Plan III of Kenya Vision 2030 Development Blueprint. The Strategic Plan will be an important guide and a vibrant tool for Laikipia University in realizing her vision, mission and objectives. It outlines the future needs and aspirations of all stakeholders, and provides a framework through which the University would achieve her desired future.

We will continue with the implementation of our five year strategic plan with a view to achieving the set strategic objectives. We will exercise agility in strategy implementation taking cognizance of the expected changes in the internal and external operating environments. We believe that the set strategic objectives will steer us to our desired corporate destination

Appreciation

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government through the Ministry of Education for its financial support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. I also take this opportunity to thank the University Management Board for their support as well as the dedicated and talented staff and students for their efforts in making sure that the University achieves its goals and objectives. Lastly, I appreciate our service providers, suppliers and all other stakeholders for their respective contributions to the University during the year. We look forward to an even greater and bountiful year in 2019/2020 Financial Year.



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

VICE CHANCELLOR

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

a) Supporting the less fortunate in society

Laikipia University endeavors to support the less fortunate students in the University. The University awarded Kes. 1,000,000 as bursaries to the needy students during the year.

The University also assists needy students with financial support under the work study programme. During the year under review, the University paid Kes. 703,900 to assist the needy students under this programme.

b) Environmental Conservation

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

c) Free Health Clinic

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

REPORT OF THE COUNCIL

The University Council submits this report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Laikipia University's affairs.

a. Principal activities

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

b. Results for the Year

The results of Laikipia University for the year ended June 30, 2019 are set out on pages 42-46.

c. Directors

The members of the University Council who served during the year are shown on page 10.

d. Auditors

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

By Order of the Council



Vice-Chancellor

Laikipia University

Date: ...30/9/19.....

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 42 to 46 which comprise the statement of financial position for the year ended 30th June, 2019, statement of financial performance, statement of cash flow, statement of changes in reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

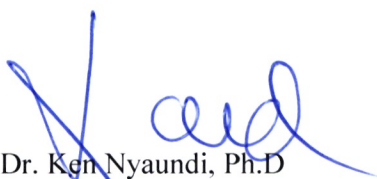
The University Council accepts the responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2019 and of its operating results.

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

The Council has made an assessment of the University's ability to continue as a going concern and nothing has come to their attention to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The financial statements, as indicated above were approved by the University Council and were signed on its behalf by;


Dr. Ken Nyaundi, Ph.D

CHAIRMAN OF COUNCIL


Prof. Kibett Rotich, Ph.D

VICE CHANCELLOR

MANAGEMENT DISCUSSION AND ANALYSIS

Section A: Laikipia University's Operational and Financial Performance

1. Operational Highlights

This section highlights on; planned activities, achievements, challenges, and way forward of the University Divisions in the 2018/2019 Financial Year.

1.1 Office of the Vice Chancellor

The Vice Chancellor who is the Chief Executive Officer (CEO) and Secretary to the University Council, having successfully been appointed as the Vice-Chancellor Laikipia University for five years as from June 13, 2018 shared his five year Vision for the University. The realization of the Vision commenced during the 2018/2019 FY as reflected in the following:-

Planned Activities

The office of the Vice Chancellor had the following planned activities during the 2018/2019 FY

- Re-organize and restructure of the University operations
- Restructure, re-engineer and modernize the University land
- Utilize forest water streams
- Collaborations
- Automate University operations
- Develop a harmonized organizational framework
- Improve the visibility of the University in the Webo-metrics
- Complete on-going/new development Projects
- Rebrand Schools at the University
- Operationalize Finance Regulations Manual
- Operationalize Human Resource (HR) Manual

Achievements

Re-organize and restructure of the University operations

Review of LU Statutes

The University reviewed its 2013 Statutes and has come up with a Laikipia University Statutes of 2019. Through this review, the University has aligned its operations to relevant Government Policies and other agencies as required. The review of the Statutes established the following:-

- Directorate of Career Placement, Alumni and TVET,
- Directorate of External Linkages,
- Directorate of Human Rights and Gender Affairs,
- Directorate of Corporate Affairs,
- Directorate of Resource Mobilization,
- Directorate of ICT,
- Office of Corporation Secretary.

Development of LU Strategic Plan 2018/19 to 2022/23

The University developed 2018/2019 to 2022/2023 Strategic Plan and aligned it to the “Big Four” Agenda, Medium-Term Plan III of Kenya Vision 2030 Development Blueprint. The Strategic Plan will be an important guide and a vibrant tool for Laikipia University in realizing her vision, mission and objectives. It outlines the future needs and aspirations of all stakeholders, and provides a framework through which the University would achieve her desired future.

Others Policies

The University has also reviewed and developed a number of University Policies amongst them;

- i. Human Resource Management Policy and Manual,
- ii. Financial Management Policies and Procedures Manual,
- iii. Examinations Policy,
- iv. Postgraduate Policy,
- v. Staff Establishment,
- vi. Citizen Service Charter.

Restructure, re-engineer and modernize the University land

- i. Developed University Farm Business Plan
- ii. Recruited Farm Manager
- iii. Established distinct commercial farm and demonstration farm
- iv. Procured tractor and its accessories
- v. Input crops and animals.



Newly Acquired Farm Tractor

Utilize forest water streams

- i. Operationalized water bottling plant
- ii. Secured water source points

Collaborations

The University signed Memorandum of Understandings (MoUs) with the following institutions;

- i. International Commission of Jurists (ICJ) – Kenya Section,
- ii. County Government of Laikipia,
- iii. Kenya National Human Rights Commission (KNHRC)
- iv. County Government of Nyandarua,
- v. “I Choose Life”
- vi. Kenya Agricultural and Livestock Research Organization (KALRO),
- vii. HUAWEI Academy,
- viii. Zalego A Software Technology Institute on Software Development,
- ix. Initiated Collaborations with University New South Wales, Australia

Automation of University Operations

- i. The University Procured an Enterprise Resource Planning (ERP) from ABNO Solutions Ltd. Implementation is in progress. The ERP comprises of the following:-
 - Students Management,
 - Financial Management,
 - Students Academics,
 - Timetabling,
 - Hostel Management,
 - Students’ Portal,
 - Procurement and Stores,
 - Human Resource Management,
 - Payroll Management,
 - Library Management,
 - Health Management,
 - Catering Management,
 - Asset Management, and
 - SMS Integration.
- ii. Procured and expanded internet connectivity (Local Area Network - LAN and WIFI),
- iii. Increased hotspots points,
- iv. Initiated process of procuring Biometric equipment.

Develop a harmonized organizational framework

- i. Launched Information Security Management System (ISMS) Based on ISO/IEC 27001:2013,
- ii. Conducted Certification Audit for ISO/IEC 27001:2013 awaiting award of certificate by Kenya Bureau of Standards (KEBS),

- iii. Migrated from Quality Management system (QMS) Based on ISO 9001:2008 to ISO 9001:2015 awaiting certificate by Kenya Bureau of Standards (KEBS),
- iv. Revised the University Organogram,
- v. Developed and implemented the University Risk mitigation Plan on Corruption prevention,
- vi. Mainstreamed National Cohesion and National Values Structures and Guidelines in the University. The certificate of compliance awarded by the Commission.

Improve the visibility of the University in the Webometrics

The University improved on Webometrics ranking by 282 steps from 14342 to 14070 internationally and nationally at 42. The improvement was occasioned by:-

- Staff accessing pay-slips online,
- Uploading of staff profiles on website,
- Quarterly uploading of publications and proposals,
- Establishment of students and staff portals,
- Registration of Academic Staff on Google scholar and Research Gate,
- Publishing of Periodic Digital Online Newsletter-Info Point,
- Revamping the University Website.

Complete on-going/new development Projects

During the year, the following projects have been on-going and the completion rates for the projects were as follows;

Project Name	Completion Rate (Status)
Ongoing Projects	
a) Signature Gate	95%
b) Library and Administration Block	87%
c) Tuition Blocks	71%
d) Equipping Science Lab	56%
e) Extension of Local Area Network (LAN)	40%
f) Equipping Media Studio	40%
New Projects	
a) Science Complex Project (New Project)	10%
b) Sports Fields and Pavilion	40%

Rebranding of Schools at the University

- i. Reviewed Curriculum for 26 Academic Programmes
- ii. Renamed School of Business to School of Business and Economics

1.2 Academic Division

The academic division is headed by the Deputy Vice Chancellor (Academic, Research and Students Affairs) formerly Deputy Vice Chancellor (Academic and Research). During the 2018/2019 FY the division reflected on the following:-

a) Planned Activities

The division had the following targets outlined for the 2018/2019 FY;

- Employment of Academic Staff in core areas of teaching and research
- Agribusiness pilot training
- Enhancement of Internal Quality Assurance
- Improve on Research, Innovation and Consultancy
- Improvement on Students' Welfare
- Organize graduation for students completing studies during the period

b) Achievements

The academic division was able to achieve the following;

- Recruited four (4) Lecturers
- Trained twenty (20) students on Entrepreneurship in Agribusiness,
- Conducted an Internal Quality Assurance Audit to establish the Part Time Lecturers engagement (academic qualifications) and course allocation process
- Conducted one Teaching Effectiveness Evaluation in the Main Campus.
- Acquired 800 titles (three core texts per academic programme) for the twenty-eight (28) University programmes
- Installed KOHA- an Open Source System - for Integrated Library automated services.
- Acquired assorted equipment for the Communication and Media Teaching Studio with additional equipment
- Increased Scientific Publications from 30 to 43 in referred Journals
- Improved on Research and Development expenditure from 1.96% to 2.26% on total recurrent budget
- Participated in Nyandarua County Mega Career Fair, Laikipia County Innovation week and Karima career fair.
- Placed students on work study and bursary program to the tune of one million shillings.
- The University in partnership with the Laikipia University Alumni donated reading shades to the green library.
- Conducted mentorship sessions to 10 surrounding schools in the surrounding community
- Trained Administration Police in Nakuru and Kisumu on leadership skills
- Graduated 2,065 students; (12 PhDs, 31 Masters, 1,806 Bachelors and 216 Diplomas)
- Trained Students Leaders on leadership
- Held Laikipia University Annual Half Marathon
- Conducted Grant Proposal Writing Workshop
- Funded five (5) internal research proposals
- Established Ethics Review Committee and Office

- Established and launched a childcare centre for student mothers/fathers named HYMA Daycare.
- Conducted an audit to establish state of welfare for students residing in University hostels and off campus.
- Conducted a baseline survey on students counseling services in the University.
- Developed a Curriculum for small scale farmers.

1.3 Administration Division

The division is headed by the Deputy Vice Chancellor (Administration, Finance and Planning) formerly Deputy Vice Chancellor (Administration, Finance and Development). During the 2018/2019 FY the division reflected on the following:-

a) Planned Activities

Financial Management

- Budgeted to collect Kes. 1.586 B for recurrent revenue
- Planned to collect Kes. 199.5M from debtors
- Planned to absorb 100% of allocated funds
- Payment of Prior year Part-Time Lecturers at Kes. 173M
- Payment of Prior year Suppliers at Kes. 48M
- Prepare and implement Finance Policy Manual by 30th June, 2019
- To receive and account for Gok capital grants at Kes. 287.1M
- To absorb 100% of Capital Projects funds allocated.

Human Resource Management

- Enhance Competence Development
- Improve Staff Welfare
- Build Capacity for staff
- Recruitments and staff reviews
- Provision for internships and attachments

Other Planned Activities

- i. Maintenance and Repairs of University property, plant and equipment
- ii. Standardization and Quality assurance
- iii. Procurement of goods and services
- iv. Improve University security

Achievements

- Recruited four academic staff and three non-academic staff,
- Procured a modern ambulance to enhance access and response to emergencies and quality medical services to staff, students and surrounding community,
- Operationalized University Budget Implementation Committee (BIC),
- Decentralised budget to functional service Departments,
- Operationalized Contract Implementation Committee (CIC) for all Capital Projects,
- Placed 6 youths on internships, 53 students on internal attachments and 27 external attachments,
- Conducted skills gap analysis,

2. Financial Highlights

The University has a responsibility to ensure a valued transformation of society through research, education scholarship, training, outreach and consultancy. The University's ongoing sustainability is dependent upon the generation of a sufficient surplus to invest in the maintenance, renewal and replacement of the infrastructure to support academic endeavor, such as libraries, tuition rooms, laboratories, ICT infrastructure and research equipment. It is also dependent upon the University's ability to fulfill its ambitious strategies concerning the recruitment, reward and development of staff, the dissemination of knowledge, and the development of new ways of working and studying for staff and students. The University has had a weak financial base up-to 2016/17 FY but has improved in 2017/18 and 2018/19 FY as evidenced by the following financial highlights. Financial performance has been analyzed through financial statements as follows;

Five Year Summary of Key Statistics

Statement of Financial Performance

REVENUE	2018/2019	2017/18	2016/2017	2015/2016	2014/2015
	(30.06.2019)	(30.06.2018)	(30.06.2017)	(30.06.2016)	(30.06.2015)
	Kes.	Kes.	Kes.	Kes.	Kes.
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	861,921,103	792,297,868	724,205,154	547,335,522	516,328,950
Grants & Donations	323,830	0	0	16,500	1,241,500
	862,244,932	792,297,868	724,205,154	547,352,022	517,570,450
Revenue from Exchange Transactions					
Students' Fees	344,780,879	343,616,111	459,342,103	457,695,249	358,499,837
Other Incomes	40,222,388	7,972,506	43,482,212	62,058,596	6,186,754
	385,003,267	351,588,617	502,824,314	519,753,845	364,686,591
Total Revenue	1,247,248,200	1,143,886,485	1,227,029,468	1,067,105,866	882,257,041
EXPENDITURE					
Staff Costs	879,832,268	869,181,221	958,164,937	766,420,213	642,791,575
Administrative Expenses	73,922,463	57,672,803	78,901,989	103,586,107	96,448,291
Repairs & Maintenance Expenses	7,595,057	12,261,132	7,494,282	9,552,201	11,927,554
Contracted Services	2,667,644	6,088,994	5,187,510	5,328,237	6,242,523
Academic & Research Expenses	181,082,677	130,807,528	157,936,812	174,830,510	178,518,422
Students Welfare	14,096,133	9,438,105	16,147,456	12,286,294	15,369,989
Council Expenses	9,522,411	11,221,762	9,104,372	8,979,747	9,384,096
Finance Charge	0	1,092,097	1,862,004	1,862,025	1,862,004
Depreciation	14,933,740	14,732,170	22,441,969	24,467,732	25,430,323
Provision for Bad Debts	(2,490,052)	2,294,816	1,311,091	6,693,066	14,653,995
Loss on Disposal/De-recognition	1,492,763	0	0	0	0
Total	1,182,655,105	1,114,790,629	1,258,552,420	1,114,006,132	1,002,628,769
Operating Surplus/(Deficit)	64,593,095	29,095,856	(31,522,952)	(46,900,265)	(120,371,729)
Other Service Units					
Farm Profit/(Loss)	(744,707)	(1,746,187)	3,156,595	250,186	143,002
Catering Profit/(Loss)	(503,705)	115,844	(1,931,741)	(2,271,855)	16,552
Bookshop/Medical Profit/(Loss)	0	459,728	(36,477)	(191,196)	540,885
Total Other Service Units	(1,248,412)	(1,170,615)	1,188,376	(2,212,864)	700,438
Total Surplus/(Deficit)	63,344,683	27,925,241	(30,334,576)	(49,113,129)	(119,671,290)

Statement of Financial Position

DETAILS	2018/2019	2017/18	2016/2017	2015/2016	2014/2015
	(30.06.2019)	(30.06.2018)	(30.06.2017)	(30.06.2016)	(30.06.2015)
	Kes.	Kes.	Kes.	Kes.	Kes.
ASSETS					
Current Assets					
Cash & Cash Equivalents	22,292,890	85,046,132	93,932,304	14,324,339	19,564,380
Receivables from Exchange Transactions	201,852,859	224,576,709	203,923,361	192,123,544	131,885,953
Receivables from Non-exchange Transactions	77,269,549	0	150,167,541	0	43,027,413
Inventories	17,676,910	13,757,091	16,352,048	19,764,559	15,272,741
Total Current Assets	319,092,208	323,379,932	464,375,254	226,212,443	209,750,487
Non- Current Assets					
Property, Plant and Equipment	2,030,723,264	1,420,175,978	1,379,163,790	1,229,081,772	1,184,779,229
Library Books	8,782,306	93,538	228,916	798,972	1,808,254
Intangible Assets (ERP Software)	15,125,700	10,163,220	9,413,220	9,329,220	9,329,220
Biological Assets	5,624,500	6,031,100	4,847,000	6,043,500	6,954,000
Total Non- Current Assets	2,060,255,770	1,436,463,836	1,393,652,926	1,245,253,464	1,202,870,703
Total Assets	2,379,347,978	1,759,843,767	1,858,028,179	1,471,465,907	1,412,621,190
LIABILITIES					
Current Liabilities					
Overdrawn Cashbooks	6,861,147	811,959	8,206,260	14,482,987	56,383,338
Accounts Payables	417,876,902	456,447,284	574,029,304	364,884,160	311,672,315
Total Current Liabilities	424,738,049	457,259,243	582,235,564	379,367,147	368,055,653
Non-Current Liabilities					
Long Term Liabilities	0	0	2,533,332	6,333,328	10,133,332
Total Non- Current Liabilities	0	0	2,533,332	6,333,328	10,133,332
Total Liabilities	424,738,049	457,259,243	584,768,896	385,700,475	378,188,985
NET ASSETS	<u>1,954,609,930</u>	<u>1,302,584,524</u>	<u>1,273,259,283</u>	<u>1,085,765,432</u>	<u>1,034,432,205</u>
Financed By:					
Capital Reserve	1,547,752,095	1,526,612,088	1,525,212,088	1,307,383,660	1,206,937,304
Revenue Reserves (Surplus/(Deficit))	(157,878,957)	(224,027,563)	(251,952,804)	(221,618,228)	(172,505,099)
Revaluation Reserve -Unrealized Gain	564,736,792	0	0	0	0
Total	<u>1,954,609,930</u>	<u>1,302,584,524</u>	<u>1,273,259,283</u>	<u>1,085,765,432</u>	<u>1,034,432,205</u>

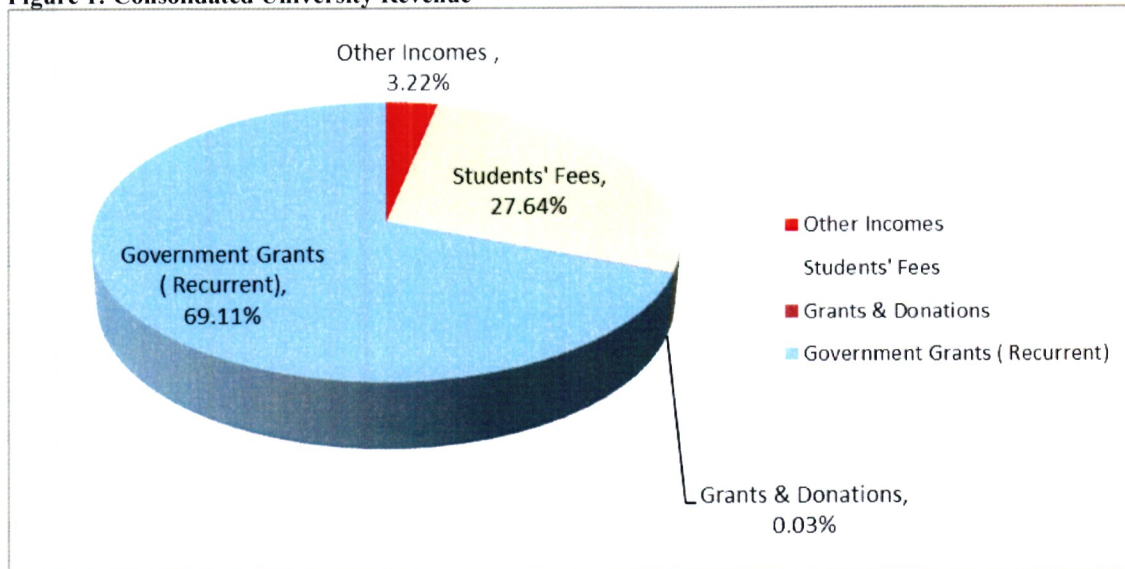
i) Statement of Financial Performance

A trend analysis on financial performance shows fluctuating deficits from 2014/15 to 2016/17 and a surplus in 2017/18 and 2018/2019. The University had a surplus of Kes.63,344,683 in the year ended 30th June, 2019 compared to Kes.27,925,241 in 2017/18 financial year.

a) Revenue Analysis

In the period under review, the University reported total revenue of Kes.1,247,248,200 compared to Kes. 1,143,886,485 for similar period ended 30th June, 2018 in the last financial year. This was composed of government grants at Kes. 861,921,103, grants & donations at Kes. 323,830, students' fees at Kes. 344,780,879 and other income at Kes. 40,222,388. Government grants were the highest contributor of revenue at 69.11% of the total revenue. Revenue composition percentages are as highlighted in the diagram below;

Figure 1: Consolidated University Revenue



A comparison of the current period ended 30th June, 2019 with similar period ended 30th June 2018 for the financial 2017/2018 indicates growth in all revenue categories. Government grants grew by 8.8% to Kes. 861.9 Million in 2018/19 from Kes. 792.3 Million in a similar period for 2017/18. Students' fees also increased by 0.4% to Kes. 344.8 Million, up from Kes. 343.56 Million in similar period last financial Year 2017/2018. Grants and donations increased by Kes. 323,830 in 2018/19. Other incomes have grown by 400% compared to a similar period 2017/2018. Cumulatively, all revenue categories grew by 9%. Included in other income for the current financial year, is Kes.14,115,500 for insurance claim in respect of the burnt building (former ICT & Examinations). Revenue comparisons for the two financial years are highlighted as follows;

Revenue Comparison

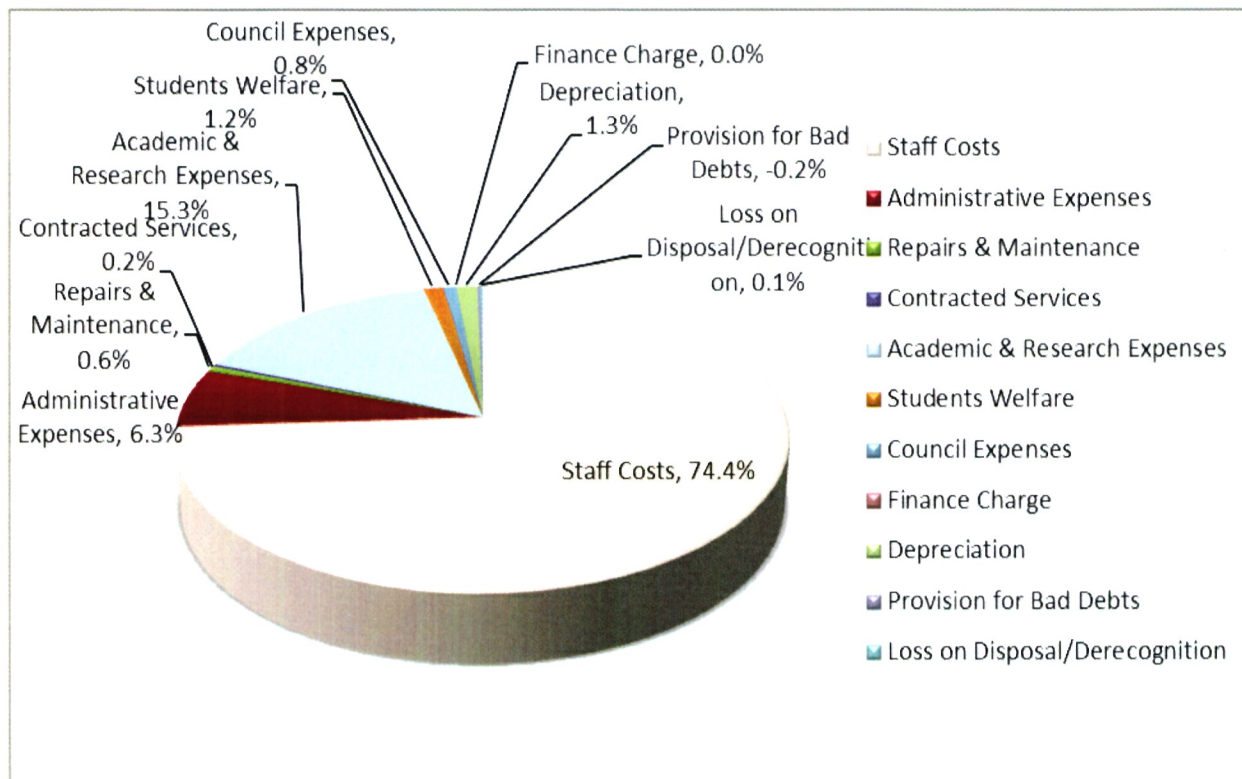
Revenue Category	2018/2019	2017/2018	% Change
	(31.03.2019) Kes.	(31.03.2018) Kes.	
Government Grants (Recurrent)	861,921,103	792,297,868	8.8%
Students' Fees	344,780,879	343,558,893	0.4%
Grants & Donations	323,830	0	**
Other Incomes	40,222,388	8,029,724	400.9%
Total Revenue	1,247,248,200	1,143,886,485	9.0%

b) Expenditure Analysis

The University incurred a total expenditure of Kes. 1,182,655,105 at the close of period ended 30th June, 2019. Staff cost had the highest expenditure at Kes. 879.98 million translating to 74.4% of the total recurrent expenditure. This was followed by academic and research expenses at Kes. 181.08 million (15.3%) while administrative expenses took 6.3% of the total expenditure. Depreciation on plant and equipment was Kes. 14.93 million (1.3%). Our depreciation policy stipulates full annual depreciation on all asset in the year of acquisition with no depreciation charge in the year of disposal. The University

did not incur any expenditure on finance charge as there was no long term liability to incur loan interests after completion of repayment of Equity bank loan in the previous financial year. Council expenditure for the year ended 30th June, 2019 was Kes. 9.52 million translating to 0.8% of the total expenditure. Provision for bad & doubtful debts decreased by Kes. 2.5 Million during the period translating to -0.2% of the total expenditure. The total recurrent expenditure is as highlighted in the diagram below;

Figure 2: Consolidated University Expenditure



A comparison of recurrent expenditure for 2018/2019 FY with similar period ended 2017/2018 FY indicates a slight growth in total expenditure by 6.1%. This comprises a minimal increase of staff costs by 1.2%, academic and research expenses by 38.4%, Administrative expenses by 28.2%, and students' welfare by 49.4%. The high increase on the students' welfare was as a result of high level support by the University to students' activities through the students' miscellaneous expenses which increased to Kes. 2,370,350 from Kes. 731,620 for the similar period of the last financial year as shown in note 12 to financial statements. On the other hand, repairs and maintenance expenses decreased by 38.1% while contracted services decreased by 56.2%. Depreciation charge increased by 1.4% from Kes.14,732,170 in 2017/2018 to Kes.14,933,740 in 2018/2019 FY. The decrease on provision for bad debts by 208.1% was as a result of decrease in receivables. Loss on disposal/ derecognition increased by Kes.1.49 million. This comparison is as highlighted below;

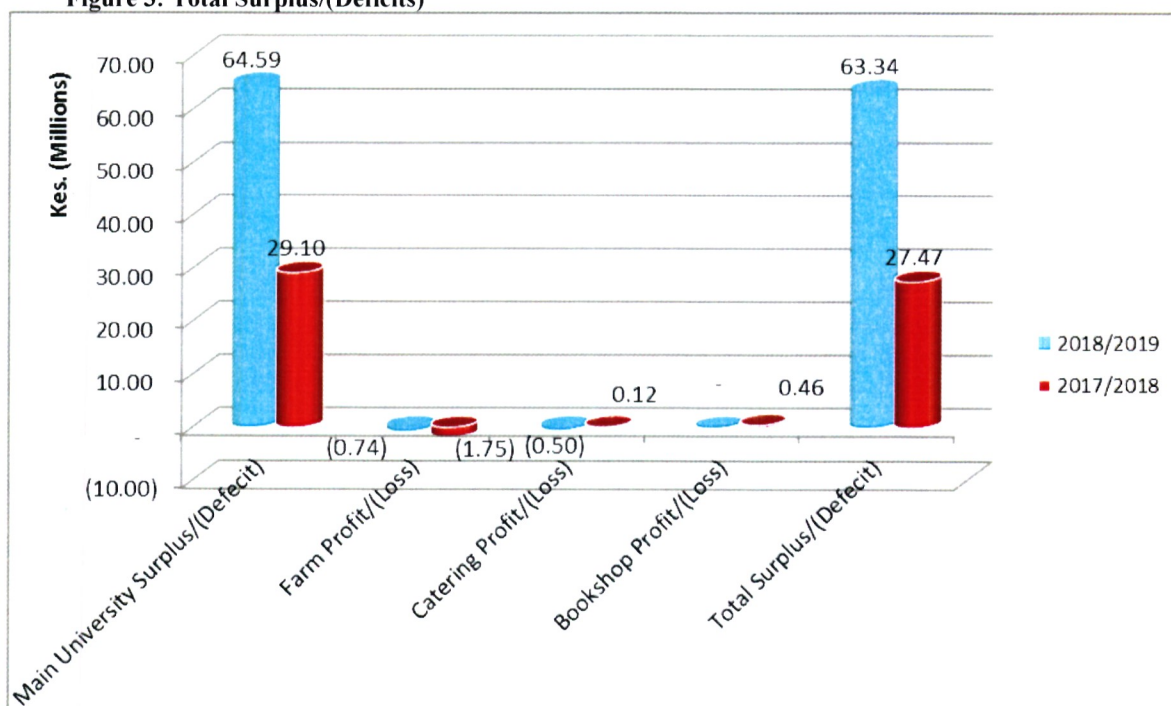
Recurrent Expenditure Comparison

Expenditure Category	2018/2019	2017/2018	%
	(30.06.2019)	(30.06.2018)	Change
	Kes.	Kes.	%
Staff Costs	879,832,268	869,181,221	1.2%
Administrative Expenses	73,922,463	57,672,803	28.2%
Repairs & Maintenance	7,595,057	12,261,132	-38.1%
Contracted Services	2,667,644	6,088,994	-56.2%
Academic & Research Expenses	181,082,677	130,807,528	38.4%
Students Welfare	14,096,133	9,438,105	49.4%
Council Expenses	9,522,411	11,221,762	-15.1%
Finance Charge	0	1,092,097	-100.0%
Depreciation	14,933,740	14,732,170	1.4%
Provision for Bad Debts	(2,490,052)	2,294,816	-208.5%
Loss on Disposal/De-recognition	1,492,763	0	***
Total	1,182,655,105	1,114,790,629	6.1%

c) University Surplus/(Deficit)

The University reported a cumulative surplus of Kes.63,344,683 in the financial year ended 30th June, 2019. Included in total surplus is Kes.64,593,095 from University operations, a loss of Kes. 744,707 from Farm operations and Kes. 503,705 from Catering Department operations. Medical Department was moved and accounted for under main University operations during the year. Profit from Medical Unit amounting to Kes. 1,165,530 by end of second quarter was transferred to University surplus as medical is not classified under profit units. Deficits and surpluses are as highlighted in the figure below;

Figure 3: Total Surplus/(Deficits)



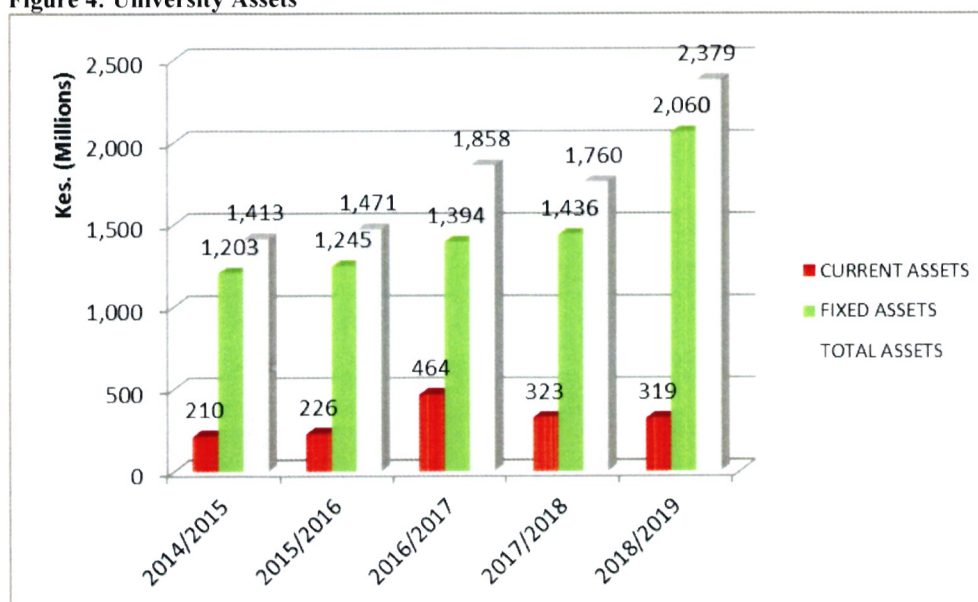
ii) Statement of Financial Position

An analysis on the statement of financial position for the past 5 years shows that the University Net Assets have increased from Kes. 1.03 billion in 2014/15 to Kes. 1.95 billion as at 30th June, 2019. An analysis Financial Position items is as follows;

a. University Assets Analysis

In order to achieve the objective of improving teaching and learning, the University has invested in physical facilities. This is shown by consistent increase in total asset from Kes.1.413 billion in 2014/15 fiscal year to Kes.2.379 billion in 2018/2019 fiscal year. This represents 68% increase since 2014/15. The high increase from Kes.1.76 billion in 2017/2018 to Kes.2.379 billion in 2018/2019 was as a result of upward assets revaluation. The trend is as shown below;

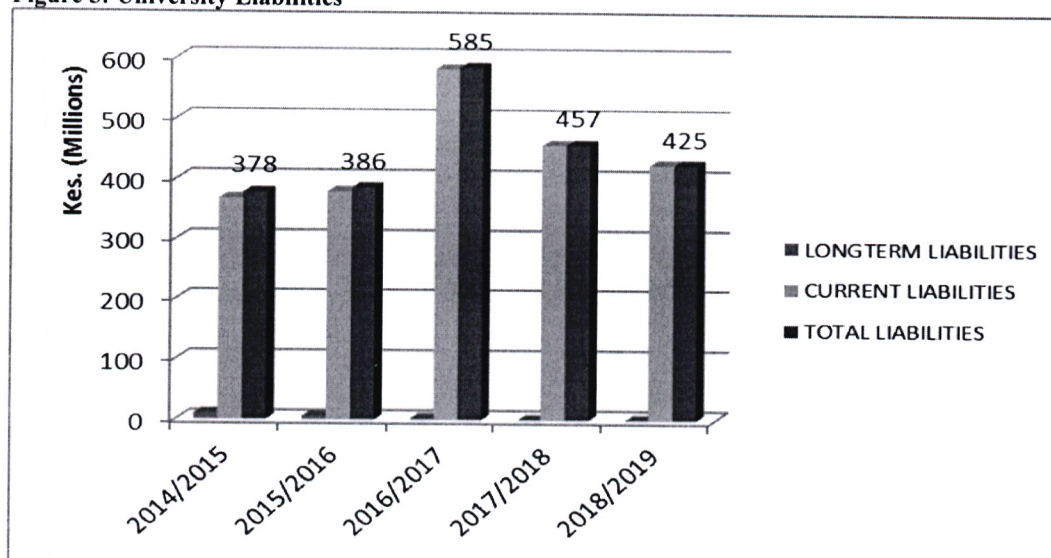
Figure 4: University Assets



b. University Liabilities Analysis

On the other hand, a trend analysis on University liabilities indicates an increasing trend in all years with a slight decrease in 2017/2018 and 2018/19 fiscal years. Total liabilities stood at Kes. 425.33 Million as at 30th June, 2019. This is as analyzed below;

Figure 5: University Liabilities



c. Ratio Analysis

A ratio analysis indicates weak liquidity in the fourth quarter of 2018/2019 fiscal year. An ideal position should have a liquidity ratio 2:1 and a quick ratio of 1:1. Due to the weak liquidity ratios, the University is not able to meet its financial obligations as they fall due. Currently, the University can only be able to meet about 72% of its financial obligations compared to 68% in the 2017/18 financial year as indicated by the quick ratio. This has led to high level of payables to suppliers of goods & services and part-time teaching cost. Ratio analysis is as shown below;

Balance Sheet Ratio Analysis

Item	2018/2019 Kes.	2017/2018 Kes.
Assets		
Current Assets (CA)	319,092,208	323,379,932
Fixed Assets (FA)	2,060,255,770	1,436,463,836
Total Assets	2,379,347,978	1,759,843,767
Liabilities		
Current Liabilities (CL)	417,876,902	456,447,284
Long-term Liabilities	0	0
Total Liabilities	417,876,902	456,447,284
Inventory	17,676,910	13,757,091
Liquidity Ratio (CA/CL)	0.76	0.71
Quick Ratio (CA- Inventory)/CL)	0.72	0.68
Working Capital Changes (Increase/Decrease in Working Capital)	(96,629,300)	13,343,030

iii) Statement of Cash Flow

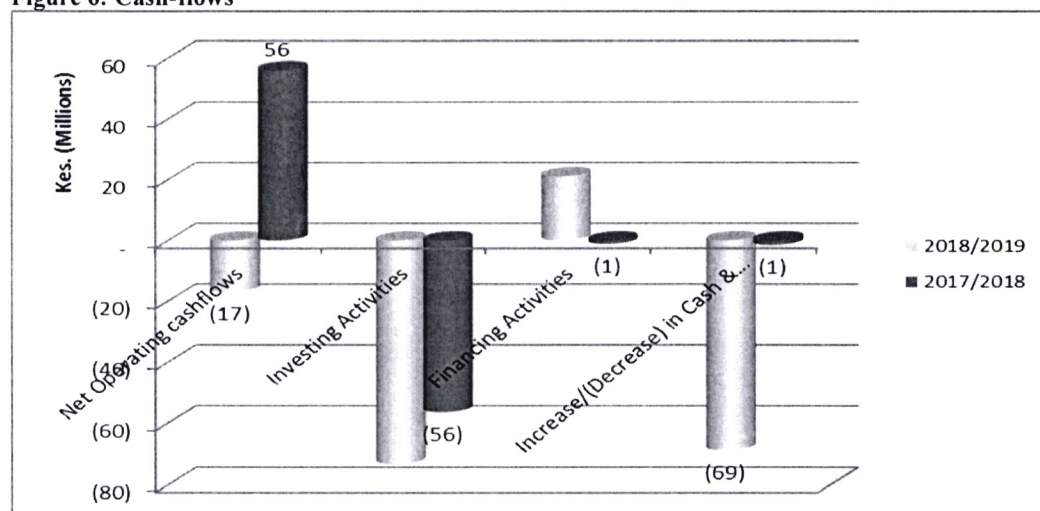
The statement of cash flows shows reconciliation between the opening and closing cash balances. The reconciling items are classified under cash generated from operations, investing and financing activities. Cash flows from the various activities for the year ended 30th June, 2019 are as summarized below;

Summary of Cash flows	2018/2019	2017/2018
Cash flow		
Net Operating cash flows	(16,858,114)	56,000,441
Investing Activities	(73,084,322)	(56,358,980)
Financing Activities	21,140,007	(1,133,332)
Increase/(Decrease) in Cash & Cash Equivalents	(68,802,429)	(1,491,871)

The University generated net cash inflows from operation of Kes.(16.86) million in 2018/2019 compared to Kes.56 million in 2017/2018 financial year. On investing activities, the University used Kes.73.08 million as at the end of 30th June, 2019 compared to Kes.56.4 million in similar period of last financial year. The current investing expenditure includes Kes.38.6 million on the ongoing capital projects and Kes.34.5 million on purchase of plant and equipment. Plant and Equipment includes a tractor at Kes.2.8 million, an ambulance at Kes.5.5 million and payment of first installment on acquisition of an Enterprise Resource Planning (ERP) software at Kes.4.96 million. The University reported net financing cash-flows of Kes. 21.1 million compared to Kes.1.1 million in last financial year. This included Kes.21.1 million GoK capitation disbursed by the government through the Ministry of Education for funding of capital projects.

The cash flow results are presented graphically as shown in the following figure;

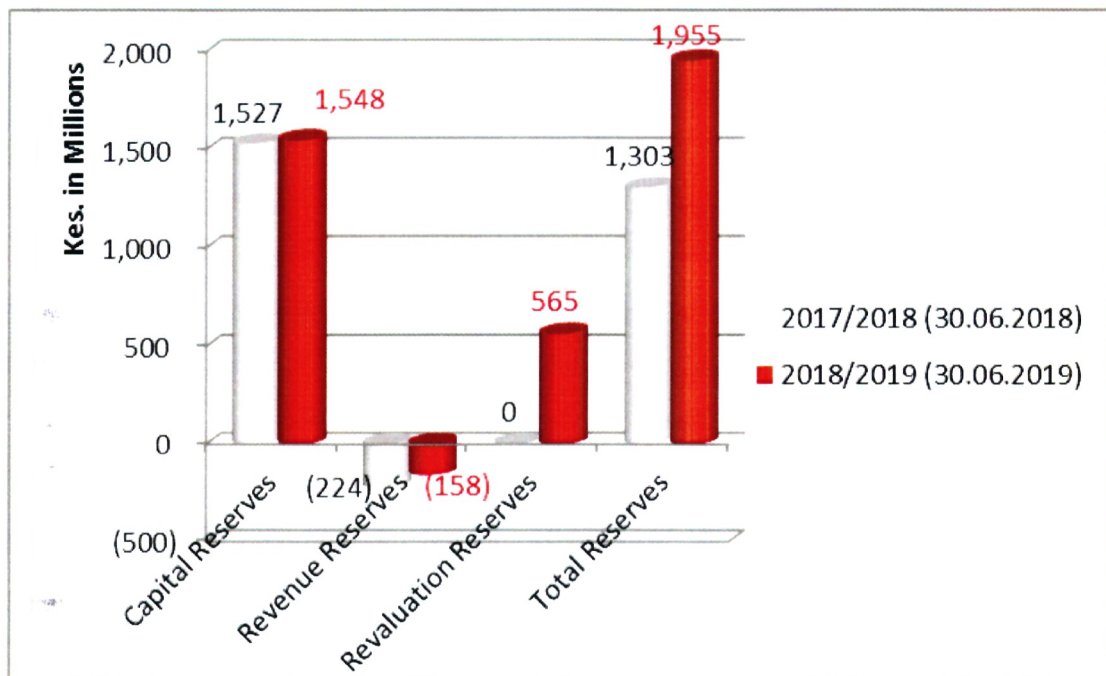
Figure 6: Cash-flows



iv) Statement of Changes in Reserves

Laikipia University maintains three types of reserves, i.e. capital, revenue and revaluation reserves. The total reserves for the year ended 30th June, 2019 was Kes. 1.955 billion compared to Kes. 1.30 billion in last financial year. Total Reserves comprised of capital reserves at Kes.1,547,752,095 in 2018/19 compared to Kes. 1,526,612,088 in last financial year. The University reported revenue reserves of Kes. (157,878,957) in 2018/2019 compared to Kes. (224,648,135) in the 2017/2018 financial year. The University created a revaluation reserve during the year closing at Kes.564,736,792 as a result of revaluation of assets. An analysis of reserves for 2018/2019 financial year was as indicated below;

Figure 7: Reserves



Section B: Compliance with Statutory Requirements

Section 83 of the Public Finance Management Act, 2012, requires that an Accounting Officer for a National Government owned Entity to prepare a report for each quarter of the financial year in respect of the entity. Laikipia University complies with this requirement and submits quarterly reports to the Ministry of Education and the National Treasury & Planning.

Section C: Key Projects and Investment Decisions

The University is currently in the process of upgrading to a state of the art University. The ongoing development projects are Tuition Blocks, Library and Administration Block and Science Laboratories among others.

Section D: Major Risks Facing Laikipia University

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

➤ Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables.

➤ Liquidity Risk

This refers to the risk of institution's inability to meet its obligations as they fall due. The ultimate responsibility for liquidity risk management rests with the University Management Board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Section E: Material Arrears in Statutory/Financial Obligations

Pending bills at the close of financial year ended 30th June, 2019, amounted to Kes.417,876,902. This includes salary and statutory deductions payable accruing prior periods currently standing at Kes. 36,022,140. The University paid all salaries and deductions for the year. Also included in payables is Kes. 13.9 million Income Tax to Kenya Revenue Authority and Kes. 46.37 million for trade payables.

Section F: Financial Probity and Serious Governance Issues

The University has no financial probity and governance issues.

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia University set out on pages 42 to 83, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in reserves, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia University as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Lack of Ownership Documents - Land

As previously reported, property, plants and equipment balance of Kshs.2,030,723,264 as at 30 June, 2019 includes an amount of Kshs.194,835,000 representing the value of eighteen (18) parcels of land measuring a total of 947.9 acres. According to the ownership documents presented for audit verification, sixteen (16) parcels of land are still registered in the name of Egerton University.

Further, the University was allocated 5 acres of land by the defunct Municipal Council of Nyahururu, 100 acres by the defunct Town Council of Rumuruti and 600 acres by the defunct County Council of Samburu. However, ownership documents for the three parcels of land have not been obtained. These parcels of land measuring 705 acres and whose

values have not been determined have not been included in the financial statements for the year ended 30 June, 2019.

2. Receivables from Exchange Transactions

As previously reported, the statement of financial position reflects receivables from exchange transactions balance of Kshs.201,852,859 which is net of provision for bad and doubtful debts amounting to Kshs.22,428,095 as disclosed in Note 22(i) to the financial statements. The provision appeared inadequate since debts amounting to Kshs.143,567,081 relating to uncollected revenue from closed down collaborating colleges have remained outstanding for considerable a period of time. No explanation was provided on how the revenue will be collected from the closed campuses.

Further, included in the receivables balance is an amount of Kshs.2,251,012 relating to overpaid Pay As You Earn (PAYE) tax owing from Kenya Revenue Authority (KRA) in respect of deductions from lecturers for self-sponsored programme. No documentary evidence has been provided to show acknowledgement of overpayments by the Authority or claims for the amount.

In the circumstances, the validity and recoverability of the receivables from exchange transactions of Kshs.201,852,859 as at 30 June, 2019 could be confirmed.

3. Irregular Capitalisation of Expenses

As disclosed under Note 24 to the financial statements, the statement of financial position reflects an amount of Kshs.2,030,723,264 under property, plant and equipment which constitutes a work-in-progress balance of Kshs.1,085,359,594 in respect of various projects of the University. The balance includes an amount of Kshs.16,564,571 which relates to penalties for late payments to contractors' invoices for certified works. The penalties were wrongly capitalized under work-in-progress instead of being captured under recurrent expenditure. This treatment has the effect of overstating surplus and the value of the assets while understating the expenses during the year.

In the absence of proper adjustment of the financial statements, the accuracy of the statement of financial performance and the statement of financial position could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia University Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Material Uncertainty in Relation to Sustainability of Service

During the year under review, the University's recorded a surplus of Kshs.63,344,683 (2018: Kshs.27,925,241) thereby reducing the accumulated deficit to Kshs.157,878,957 as at 30 June, 2019 (2018: Kshs.224,027,563). Although the University is on a recovery trajectory since 2014/2015 financial year, the current liabilities balance of Kshs.424,738,049 exceeded the current assets of Kshs.319,092,208 resulting to a negative working capital of Kshs.105,645,841. The financial position is an indication of the existence of a material uncertainty which may cast significant doubt on the University's ability to sustain its services and meet its obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the Government and creditors.

My opinion is not modified based on the effects of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There are no key audit matters in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Implementation of Projects

1.1. Construction of Buildings

As reported in the previous year, included in the property, plant and equipment balance of Kshs.2,030,723,264 as at 30 June, 2019 is work-in-progress amounting to Kshs.1,046,763,705 relating to construction of the University's gate, lecture theatre, library, administration block and science laboratory. Physical verification and review of relevant records revealed that projects worth Kshs.304,462,138 had been completed and in use but not yet capitalized due to lack of completion certificates. Further, other projects amounting to Kshs.741,460,567 had taken too long to complete with some spanning over eight years, and the contract period had lapsed. The University attributes the delay to

non-performance on the part of the contractors despite substantial payments having been made.

Further, examination of records indicates that the contractors were paid excess amounts totalling to Kshs.130,170,434. Although the Management explained that the excess payments were in respect of variations of contracts, consultancy on architecture designs, mechanical & electrical works and other similar technical works which were contained in separate contracts, the assertion was not supported by any documentations. The management has not given evidence of the steps it has taken to complete the projects given that the contracts period had lapsed.

In the circumstances, the value for money on the expenditure of Kshs.130,170,434 could not be confirmed.

1.2. Development of an Enterprise Resource Planning (ERP) Software

As previously reported, the University entered into a contract with a consulting firm, World System limited, to develop an Enterprise Resource Planning (ERP) software at a cost of Kshs.14,949,200. The University paid Kshs.9,329,200 in 2013/2014 financial year which was 62% of the contract sum and an additional Kshs.84,000 in the 2016/2017 financial year. The implementation period was to run between 22 May, 2012 to 22 May, 2013 but the project was yet to be fully implemented six years after the implementation period had lapsed, and remained incomplete. According to the signed contract documents, the project was to have five (5) developers working on the system but only two (2) were appointed by the consultant.

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

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weaknesses in Payroll Management System

A review of the University's Enterprise Resource Planning (ERP) and Quick Pay Data for the management of payroll through the system in place for management of payroll revealed lack of segregation of duties thus compromising the integrity of data in the system. The test revealed that the Administrator user group in Uniplus can complete all the steps from data capture (data entry) to payroll production. The system security and data integrity are therefore compromised and unreliable.

In the circumstances, it is not possible to confirm the effectiveness of the Payroll management systems or whether strong control measures have been put in place

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Council Members

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

In preparing the financial statements, Management is responsible for assessing the ability of the University to continue a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management is aware of the intention to liquidate the University or cease operations.

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the University monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Laikipia University to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Laikipia University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

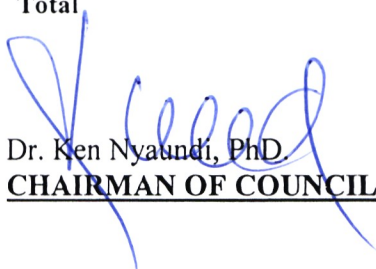
30 April, 2021

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2019**


REVENUE	Notes	Page	2018/2019 (30.06.2019) Kes.	2017/2018 (30.06.2018) Kes.	Percentage Change %
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	3	60	861,921,103	792,297,868	8.8%
Grants & Donations	4	61	323,830	0	**
Sub-Total			862,244,932	792,297,868	8.8%
Revenue from Exchange Transactions					
Students' Fees	5	62	344,780,879	343,558,893	0.4%
Other Miscellaneous Incomes	6	63	40,222,388	8,029,724	400.9%
Sub-Total			385,003,267	351,588,617	9.5%
Total Revenue			1,247,248,200	1,143,886,485	9.0%
EXPENDITURE					
Staff Costs	7	64	879,832,268	869,181,221	1.2%
Administrative Expenses	8	66	73,922,463	57,672,803	28.2%
Repairs & Maintenance Expenses	9	67	7,595,057	12,261,132	-38.1%
Contracted Services	10	67	2,667,644	6,088,994	-56.2%
Academic & Research Expenses	11	68	181,082,677	130,807,528	38.4%
Students Welfare Expenses	12	69	14,096,133	9,438,105	49.4%
Council Expenses	13	69	9,522,411	11,221,762	-15.1%
Finance Charge	14	70	0	1,092,097	-100.0%
Depreciation	15	70	14,933,740	14,732,170	1.4%
Provision for Bad Debts	16	70	(2,490,052)	2,294,816	-208.5%
Loss on Disposal/De-recognition	17	71	1,492,763	0	**
Total Expenditure			1,182,655,105	1,114,790,629	6.1%
Operating Surplus/(Deficit)			64,593,095	29,095,856	122.0%
Other Service Units					
Farm Profit/(Loss)	18	72	(744,707)	(1,746,187)	-57.4%
Catering Profit/(Loss)	19	72	(503,705)	115,844	-534.8%
Bookshop/Medical Profit/(Loss)	20	72	0	459,728	-100.0%
Total Other Service Units			(1,248,412)	(1,170,615)	6.6%
Total Surplus/(Deficit)			63,344,683	27,925,241	126.8%

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

DETAILS	Notes	Page	2018/2019 (30.06.2019) Kes.	2017/2018 (30.06.2018) Kes.	% Change
ASSETS					
Current Assets					
Cash & Cash Equivalents	21	73	22,292,890	85,046,132	-73.8%
Receivables from Exchange Transactions	22(i)	74	201,852,859	224,576,709	-10.1%
Receivables from Non-exchange Transactions	22(ii)	74	77,269,549	0	
Inventories	23	75	17,676,910	13,757,091	28.5%
Total Current Assets			319,092,208	323,379,932	-1.3%
Non- Current Assets					
Property, Plant and Equipment	24	76	2,030,723,264	1,420,175,978	43.0%
Library Books	25	78	8,782,306	93,538	9289.0%
Intangible Assets (ERP Software)	26	79	15,125,700	10,163,220	48.8%
Biological Assets	27	80	5,624,500	6,031,100	-6.7%
Total Non- Current Assets			2,060,255,770	1,436,463,836	43.4%
Total Assets			2,379,347,978	1,759,843,767	35.2%
LIABILITIES					
Current Liabilities					
Overdrawn Cash Books	28	80	6,861,147	811,959	745.0%
Accounts Payables	29 (i)	81	417,876,902	456,447,284	-8.5%
Total Current Liabilities			424,738,049	457,259,243	-7.1%
Non-Current Liabilities					
Long Term Liabilities	29(ii)	81	0	0	
Total Non- Current Liabilities			0	0	
Total Liabilities			424,738,049	457,259,243	-7.1%
NET ASSETS			1,954,609,930	1,302,584,524	50.1%
Financed By:					
Capital Reserve			1,547,752,095	1,526,612,088	1.4%
Revenue Reserves (Surplus/(Deficit))			(157,878,957)	(224,027,563)	-29.5%
Revaluation Reserve			564,736,792	0	**
Total			1,954,609,930	1,302,584,524	50.1%


Dr. Ken Nyaundi, PhD.
CHAIRMAN OF COUNCIL


Prof. Kibett Rotich, PhD.
VICE CHANCELLOR


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

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE, 2019**

2017/2018	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Reserves
Details	Kes.	Kes.	Kes.	Kes.
As at 1st July, 2017	1,525,212,088	(251,952,804)	0	1,273,259,283
Government Development Grants	1,400,000	0	0	1,400,000
Revaluation during the year/Adjustment	0	0	0	0
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	27,925,241	0	27,925,241
As at 30th June, 2018	1,526,612,088	(224,027,563)	0	1,302,584,524
2018/2019	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Reserves
Details	Kes.	Kes.	Kes.	Kes.
As at 1st July, 2018	1,526,612,088	(224,027,563)	0	1,302,584,524
Government Development Grants	21,140,007	0	0	21,140,007
Revaluation Gain during the year	0	0	567,540,716	567,540,716
Excess Depreciation on Revaluation	0	2,803,924	(2,803,924)	0
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	63,344,683	0	63,344,683
As at 30th June, 2019	1,547,752,095	(157,878,957)	564,736,792	1,954,609,930

**STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE, 2019**

Details	Notes	Page	2018/2019 (30.06.2019)	2017/2018 (30.06.2018)
			Kes.	Kes.
Operating Activities:				
Surplus/Deficit			63,344,683	27,925,241
Gain on Disposal of Assets			1,492,763	-
Adjustment for Depreciation			14,933,740	14,732,170
Operating surplus before working capital changes			79,771,186	42,657,411
Changes in Working Capital				
Increase/Decrease in Receivables	30 (i)	82	(54,545,699)	129,514,193
Increase/Decrease in Inventories	30 (ii)	82	(3,919,819)	2,594,957
Increase/Decrease in Payables	30 (iii)	82	(38,570,382)	(117,582,020)
Increase/Decrease in Biological Assets	30 (iv)	82	406,600	(1,184,100)
Net changes in Working Capital			(96,629,300)	13,343,030
Net cash generated from operating Activities			(16,858,114)	56,000,441
Cash flows from Investing Activities				
Purchase of Non-Current Assets	31	82	(34,527,933)	(6,419,596)
Work in Progress	32	83	(38,595,889)	(49,939,385)
Proceeds from sale of Non-Current Assets			39,500	-
Net cash used in investing Activities			(73,084,322)	(56,358,980)
Cash Flows from Financing Activities:				
Government Development Grants			21,140,007	1,400,000
Proceeds from Long Term Liabilities				
Repayments of Long Term borrowings			-	(2,533,332)
Net cash generated from Financing Activities			21,140,007	(1,133,332)
Increase/(decrease) in cash and Cash Equivalents			(68,802,429)	(1,491,871)
Cash & Cash Equivalents at Beginning of the Year			84,234,173	85,726,043
Cash & Cash Equivalents at the end of the period			15,431,743	84,234,173
Reconciliation of Cash & Cash Equivalents			2018/2019 (30.06.2019)	2017/2018 (30.06.2018)
			Kes.	Kes.
Cash & Cash Equivalents as per Cash Flow Statement			15,431,743	84,234,173
ADD: Overdrawn Cash Books			6,861,147	811,959
Cash & Cash Equivalents as per Balance Sheet			22,292,890	85,046,132

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30TH JUNE, 2019**

DETAILS	Approved Budget 2018/2019	Virement (Adjustments) 2018/2019	Revised Budget 2018/2019	Actual on Comparable Basis 2018/2019	Performance Difference 2018/2019
	Kes.	Kes.	Kes.	Kes.	Kes.
REVENUE					
Government Grants (Recurrent)	800,664,851	(16,013,297)	784,651,554	861,921,103	77,269,549
Grants & Donations	2,500,000	(2,210,000)	290,000	323,830	33,830
Students' Fees	547,677,400	(121,812,400)	425,865,000	344,780,879	(81,084,121)
Other Incomes	24,378,000	11,004,257	35,382,257	40,222,388	4,840,131
Total	1,375,220,251	(129,031,440)	1,246,188,811	1,247,248,200	1,059,389
EXPENDITURE					
Staff Costs	984,257,828	(99,604,258)	884,653,570	879,832,268	4,821,303
Administrative Expenses	77,035,950	(3,271,597)	73,764,353	73,922,463	(158,110)
Repairs & Maintenance Expenses	7,156,000	(625,000)	6,531,000	7,595,057	(1,064,057)
Contracted Services	6,733,000	(2,433,000)	4,300,000	2,667,644	1,632,356
Academic & Research Expenses	170,210,995	(9,227,247)	160,983,748	181,082,677	(20,098,929)
Students Welfare	14,125,920	4,019,501	18,145,421	14,096,133	4,049,288
Council Expenses	11,000,000	0	11,000,000	9,522,411	1,477,589
Finance Charge	2,000,000	(2,000,000)	0	0	0
Depreciation	26,000,000	0	26,000,000	14,933,740	11,066,260
Provision for Bad Debts	6,500,000	0	6,500,000	(2,490,052)	8,990,052
Loss on Disposal/ De-recognition	0	0	0	1,492,763	(1,492,763)
Total	1,305,019,694	(113,141,601)	1,191,878,093	1,182,655,105	9,222,988
Operating Deficit	70,200,557	(15,889,839)	54,310,718	64,593,095	(8,163,599)
Other Service Units					
Farm Profit	0	0	0	(744,707)	(744,707)
Catering Profit/Loss	0	2,800,000	2,800,000	(503,705)	(3,303,705)
Bookshop Profit	0	0	0	0	0
Total Surplus/(Deficit)	70,200,557	(13,089,839)	57,110,718	63,344,683	(12,212,011)
ADD: Other Receipts (Non P&L)					
Government Grants (Capital)	287,135,332	(209,084,094)	78,051,238	21,140,007	(56,911,231)
Receipts from Debtors	199,500,000	(141,261,825)	58,238,175	21,505,433	(36,732,742)
Deficit Financing- Bank Loan	150,000,000	(150,000,000)	0	0	0
	636,635,332	(500,345,919)	136,289,413	42,645,440	(93,643,973)
LESS: Other Payments (Non P&L)					
Plant & Equipment	61,030,000	(4,926,328)	56,103,672	29,565,453	26,538,219
Capital Development	440,135,332	(357,985,084)	82,150,248	38,595,889	43,554,359
Debt Management	241,670,557	(150,524,346)	91,146,211	162,851,382	(71,705,171)
	742,835,889	(513,435,758)	229,400,131	231,012,724	(1,612,593)
Surplus/(Deficit) for the Year	(36,000,000)	0	(36,000,000)	(125,022,601)	(89,022,602)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

1. Statement of Compliance and Basis of Preparation

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) Accrual. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University. The accounting policies have been consistently applied to all the years presented.

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

2. Summary of Significant Accounting Policies

a. Revenue Recognition

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

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

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

i) Revenue from non-exchange transactions

❖ Government Grants

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

❖ Grants & Donations

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

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

ii) Revenue from exchange transactions

❖ Tuition and Fees

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

❖ Other incomes

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

b. Budget Information

The annual budget is prepared on cash basis while the actual have been prepared on accrual basis. This explains the huge variances on the statement of comparison of budget and actual amounts.

During the year under review, there were performance differences between the actual and budgeted amounts. These variances are explained as follows:

- i. Government Grants (Recurrent) – The variance of Kes. 77,269,549 was as a result of additional government capitation during the supplementary II budget for 2018/2019.
- ii. Students Fees-The variance on the students' fees was as a result of low intake of first year students during the year.
- iii. Other Incomes – The University reported a positive variance of Kes. 4,847,681 as a result of insurance claim amounting to Kes. 14,115,500 received in the third quarter of the financial year.
- iv. Staff Costs – The University had planned to employ new academic staff to meet CUE requirements but this was not possible due to shortage of funds.
- v. Academic & Research Expenses – The variance on this expenditure was majorly due to more part-time teaching claims for prior period than had been anticipated during budgeting. The University had been recognizing part time teaching costs upon claim but we have changed this method to a consolidated list per semester as a result of challenges from the previous method.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

- vi. Council Expenses – The University council did not exhaust their budget. Included in Council budget was Kes. 1,200,000 for University Chancellor but the position has been vacant since April 2018.
- vii. Finance Charge – The University does not have any outstanding long term loan to incur interest expenses at the moment.
- viii. Depreciation – The University depreciation policy is to assign full year depreciation on University asset. The University had budgeted a higher figure of depreciation in anticipation of increase in assets on purchases, but this was affected by unavailability of funds.
- ix. Bad Debts Provision – The University Policy is to make a general provision of 10% on all receivables. The change in provision for bad & doubtful debts decreased by Kes. 2,490,052 as a result of decrease in receivables leading to a performance difference of Kes. 8,990,052.
- x. Government Grants (Capital) – The University revised its capital budget from Kes. 287.1 Million to Kes. 78.1 Million after the government reduced our budget during supplementary budgets for ongoing capital projects. However, we only got Kes. 21,140,007 giving a variance of Kes. 56,911,231.
- xi. Receipts from Debtors – The University did not receive the anticipated receipts especially from students' fee balances. We are in the process of cleaning up the data to report the correct balances.
- xii. Purchase of Plant & Equipment – The University did not achieve the targeted purchase of additional assets due to shortage of funds.
- xiii. Capital Development- The University incurred an expenditure of Kes. 38.6 Million on capital projects though the budget was Kes. 82.2 Million. This was as a result of delay by contractors on the projects and therefore there were no certificates to claim from the Ministry of Education.
- xiv. Debt Management – included in debt management was Kes. 65.7 Million for June 2018 payroll, payment to prior year suppliers at Kes. 34.8 Million and part-time lecturers amounting to Kes.56.7 Million.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

c. Reserves

Laikipia University maintains three types of reserves as indicated on the Statement of changes in reserves of the financial statements. The reserves are capital, revenue and revaluation reserves. During the financial year under review, the University had total reserves of Kes.1,954,609,930

d. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

❖ **Contingent liabilities**

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

❖ **Contingent assets**

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

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2019

e. Inventories

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

f. Property, Plant and Equipment

International Public Sector Accounting Standards (IPSAS) 17 stipulates that an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

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

Under revaluation model after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

The difference between the cost model and the revaluation model is that the revaluation model allows both downward and upward adjustment in value of an asset while cost model allows only downward adjustment due to impairment loss. Upward revaluation is not considered a normal gain and is not recorded in income statement rather it is directly credited to reserves account called revaluation surplus. Revaluation surplus holds all the upward revaluations of a company's assets until those assets are disposed-off.

- Conducted Training Needs Assessment,
- Enhanced staff capacity on Disability Mainstreaming and facilities,
- Conducted staff reviews and promotion for qualified staff in all cadres,
- Operationalized AIDS Control Unit,
- Acquired Biochemistry analyser and Haematology machines
- Inspected, procured and refilled all fire extinguishers,
- Surpassed the 30% Access to Government Opportunities in Procurement (AGPO),
- Surpassed the 40% promotion of local content in procurement (Buy Kenya Build Kenya),
- Initiated Collective Bargaining Agreements (CBAs) negotiations,
- Legally acquired titles deeds for Main, Nyahururu Campuses,
- Mitigated on theft/burglary incidences,
- Conducted fire drills, established fire assembly points and increased awareness on fire safety,
- Put in place Financial Control mechanisms that led to reduction of audit quarries,
- Reduced on pending bills from Kes. 16% to 7.68%, by paying Kes. 56.7M to prior year Part-Time Lecturers and Kes. 34.8M to prior year suppliers,
- The University managed to receive and collect revenue amounting to Kes.1.247B. This was 78.6% of targeted amount.
- The University managed to collect Kes. 21.5M from her debtors.
- The University absorbed 92.5% of her allocated funds
- The University has prepared Finance Policy Manual awaiting approval
- The University received and accounted for Gok capital grants at Kes. 21.1M.
- The University absorbed 13.5% of the allocated Capital Projects funds.



Newly Acquired University Ambulance

Challenges

The University faced the following challenges in the achievements of the planned activities:

- Inadequate financial resources;
- Limited physical and non-physical infrastructure;
- Inadequate academic staff in key areas of specialization;
- Insufficient competent staff to develop fundable proposals, projects and programmes;
- Insufficient marketing activities;
- Limited automation of University processes thereby affecting internal control systems;
- Inadequate communication channels;
- Low attraction of Self Sponsored students;
- Reliance on declining funding from Government;
- Increased competition in tertiary and higher education, nationally, regionally and globally;
- High inflation rates leading to increased operational costs;
- Changes in legislation and government policies;
- Increased insecurity locally and globally;
- Student unrest and staff labour relation issues.

Way Forward

The University can exploit on the following in order to mitigate on the challenges;

- Conducive learning environment.
- Existence of demand driven academic programmes.
- Utilize the available land for expansion, infrastructural development, research and income generating activities.
- Effective governance structures for managing the University.
- Implementation of Enterprise Resource Planning (ERP) software to fully automate University processes and enhance internal control systems.
- Strong alumni for networking and resource mobilization.
- Existence of indigenous forest ecosystem.
- Existence of natural streams.
- Existence of collaborations with local and international partners.
- Unique location of the University within the northern frontier of Kenya that covers Arid and Semi-Arid Land (ASAL).
- High altitude that supports training in athletics and sports programmes.
- Proximity to Central Kenya and South Rift tourist circuit areas.
- Demand for TVET and higher education locally, regionally and globally.
- Demand for research, training, innovation and consultancy services by the National Government, County Governments, private sector and Non-Governmental Organisations (NGOs).

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

The standard allows revision of estimated useful life which is accounted for prospectively. The change in the estimate is reported in the current and prospective periods. Previously reported statements and opening balances do not need to be adjusted to reflect the change in the useful life estimate. The reasons prior periods don't need to be restated are as follows:

- Change in the useful life estimate does not represent an accounting error.
- Estimate changes are an inherent and continual part of the estimation process.

Depreciation on Revaluation

The asset must continue to be depreciated following the revaluation. However, now that the asset has been revalued the depreciable amount has changed. In simple terms the revalued amount should be depreciated over the assets remaining useful life.

Basic calculation process of depreciation remains unchanged between revaluation model or cost model. Under cost model depreciation is calculated on the basis of cost less residual value over the useful life of asset. Under revaluation model depreciation is calculated on the basis of revalued amount less residual value over the remaining useful life. Under both models depreciation for the period is charged in profit or loss account.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- ❖ Restate accumulated depreciation proportionately with the change in the gross carrying amount of the asset (so that the carrying amount of the asset after revaluation equals its revalued amount); or
- ❖ Eliminate the accumulated depreciation against the gross carrying amount of the asset (IAS 16 par. 35).

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

The annual depreciation rates used are as follows:-

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

Reserves transfer

The depreciation charge on the revalued asset will be different to the depreciation that would have been charged based on the historical cost of the asset. As a result of this, IAS 16 permits a transfer to be made of an amount equal to the excess depreciation from the revaluation reserve to retained earnings.

Disposal of Assets

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

g. 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. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Software is amortized on a straight line basis over the expected/estimated useful life.

The University reported total intangible assets at Kes. 15,125,700 comprising of Powercampus at Kes 9,413,220, aSc Timetabling software at Kes. 750,000 and new ERP ABN Unisol at Kes. 4,962,480. Total intangible assets increased by Kes. 4,962,480 as a result of new ERP software ABN UniSol being implemented by the University.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

h. Biological Assets

Livestock are valued at the prevailing market rates.

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

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

Where:

V_c – Value of crop

YP – Yield Potential of the crop

D – Age in Days

SP – Selling Price per 90-Kg Bag

A – Area in Acres

MP – Maturity Period

i. Related Parties

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

University Management Board Remuneration	2018/2019	2017/2018
	Kes.	Kes.
Current Vice-Chancellor	11,836,208.40	594,956.55
Former Vice-Chancellor	-	16,007,308.80
Deputy Vice-Chancellor - A&R	10,223,843.00	9,941,796.00
Deputy Vice-Chancellor - AFD	5,344,968.00	7,803,272.00
Registrar A&R	7,253,011.20	7,253,011.20
Registrar Admin.	7,253,011.20	7,253,011.20
Finance Officer	6,337,731.23	7,253,011.20
Total	48,248,773.03	56,106,366.95

Laikipia University Council is the governing body of the University and therefore a related party to the University. In 2018/2019 financial year, the University Council held various meetings in line with their mandate as stipulated in the University statutes and the Charter. The allowances paid to the members were as follows;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

Summary of Council Expenses for 2018/2019 F.Y.

Name Council Members	Sitting Allowance Kes.	Mileage Allowance Kes.	Accommodation Kes.	Lunch Allowance Kes.	Honorarium Kes.	Total Kes.
Dr. Ken Nyaundi	600,000	178,332	254,800	16,000	1,044,000	2,093,132
Dr. Moses Siruri Marwa	620,000	66,000	382,200	4,000	0	1,072,200
David Namu Kariuki	600,000	252,613	419,600	2,000	0	1,274,213
Ruth Adhiambo Okowa	280,000	82,690	127,400	2,000	0	492,090
Pauline Ngari	640,000	300,044	436,800	8,000	0	1,384,844
Dr. Mary W. Gaturu	540,000	69,650	145,600	0	0	755,250
Moses N. Gakuru	540,000	207,472	327,600	0	0	1,075,072
Susan Amlango Aletia	360,000	368,766	473,200	0	0	1,201,966
Sammy Oleku	60,000	59,044	54,600	0	0	173,644
Sub Total	<u>4,240,000</u>	<u>1,584,611</u>	<u>2,621,800</u>	<u>32,000</u>	<u>1,044,000</u>	<u>9,522,411</u>

The University has been operating without a Chancellor after prof. R. Munavu's term expired in 2017/2018 with no replacement from the Government.

The Government of Kenya is also a related party to the University especially in terms of financing and policies. During the year under review, the National Government through the Ministry of Education disbursed Kes. 861,921,103 for recurrent expenditure and Kes. 21,140,007 for capital expenditure.

j. Employee Benefits (Retirement Benefit Costs)

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

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

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

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

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

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

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

k. Financial Risk Management

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

❖ **Credit risk Management**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to students, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

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

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

Credit risk Analysis

Details	Fully Performing Kes.	Past due Kes.	Impaired Kes.	Total Kes.
As at 30 June, 2019				
Students Receivables		132,719,663		132,719,663
Other Receivables	77,269,549	91,561,292		168,830,840
Bank Balances	<u>22,292,890</u>	<u>0</u>	<u>0</u>	22,292,890
	<u>99,562,439</u>	<u>224,280,955</u>	<u>0</u>	<u>323,843,394</u>
As at 30 June, 2018				
Students Receivables		143,739,417		143,739,417
Other Receivables		105,790,260		105,790,260
Bank Balances	<u>85,046,132</u>	<u>0</u>	<u>0</u>	85,046,132
	<u>85,046,132</u>	<u>249,529,677</u>	<u>0</u>	<u>334,575,808</u>

❖ Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

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

Liquidity risk Analysis

Details	Less than one Month Kes.	Between 1-12 Months Kes.	Over 12 Months Kes.	Total Kes.
As at 30 June, 2019				
Trade Payables		28,492,784	16,449,339	44,942,123
Contractors		3,724,763	63,423,479	67,148,242
SSP Claims		70,893,780	124,050,034	194,943,814
Prepaid Fees		27,713,388	577,994	28,291,382
Borrowings			0	0
Caution Money		15,628,520	1,761,500	17,390,020
Other Payables	0	30,645,516	34,515,804	65,161,321
	0	177,098,752	240,778,150	417,876,902
As at 30 June, 2018				
Trade Payables		26,142,338	23,687,488	49,829,826
Contractors		2,967,437	60,995,716	63,963,153
SSP Claims		75,151,600	105,620,734	180,772,334
Prepaid Fees		31,756,272	500,816	32,257,088
Borrowings			0	0
Caution Money		3,106,120	16,316,400	19,422,520
Other Payables	0	74,900,632	35,301,731	110,202,363
	0	214,024,399	242,422,885	456,447,284

❖ **Market risk**

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

(ii) Price risk - The University does not hold any financial instruments subject to price risk.

l. Comparative figures

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

m. Research and Development

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

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

n. Interest on Loans

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

o. Tax Exemption

Laikipia University is among institutions of higher learning in Kenya. All public Universities are classified under Not-for-Profit Organizations (NPOs) and they enjoy tax exemptions and incentives from Government because they provide services that positively influence social welfare. These services should be provided free of charge, below cost or at the very minimum cost. The NPOs include:

- Charities/NGOs/Trusts
- Churches/Religion Organizations
- Hospitals
- Schools/Universities etc

For NPOs to be exempt from Income Tax, they must have been established solely to;

- Relief poverty or distress of the Public
- Advance religion or education.

The entity by virtue of being a public university and classified under the Not-for -Profit Organizations (NPOs) have been exempted from income tax. NPOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2019

3. Government Grants

The Government through the Ministry of Education remained the highest financier of the University at 69.11% in the current financial year. The University received a total of Kes. 883,061,110 as GoK capitation. Included in this was Kes. 861, 921,103 for recurrent expenditure and Kes.21,140,007 for development expenditure. Included in GoK recurrent is Kes.77,269,549 additional funds by the Government during supplementary II budgets for payment of suppliers. Recurrent capitation was accounted for as revenue in the statement of financial performance while development capitation was accounted for in the accumulated reserves under the capital fund as indicated below:

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Date Received as per Cash-Book	Receipt Number	Nature: Recurrent / Development / Others	Total Amount - Kes.	Where Recorded/recognized				Total Transfers during the Year - Kes.
						Statement of Financial Performance - Kes.	Capital Fund - Kes.	Receivables Kes.	Others - specific -Kes.	
Ministry of Education	02.08.2018	03.08.2018	19707	Recurrent	66,722,071	66,722,071	0	0	0	66,722,071
Ministry of Education	30.08.2018	30.08.2018	17643	Recurrent	66,722,071	66,722,071	0	0	0	66,722,071
Ministry of Education	01.10.2018	01.10.2018	13137	Recurrent	66,722,070	66,722,070	0	0	0	66,722,070
Ministry of Education	07.11.2018	08.11.2018	13321	Recurrent	66,722,071	66,722,071	0	0	0	66,722,071
Ministry of Education	03.12.2018	06.12.2018	19057	Recurrent	62,718,747	62,718,747	0	0	0	62,718,747
Ministry of Education	27.12.2018	31.12.2018	17055	Recurrent	62,718,747	62,718,747	0	0	0	62,718,747
Ministry of Education	01.02.2019	14.03.2019	19956	Recurrent	65,387,629	65,387,629	0	0	0	65,387,629
Ministry of Education	01.03.2019	14.03.2019	19957	Development	17,500,000	0	17,500,000	0	0	17,500,000
Ministry of Education	07.03.2019	04.04.2019	14996	Recurrent	65,387,629	65,387,629	0	0	0	65,387,629
Ministry of Education	20.03.2019	20.03.2019	13510	Development	3,640,007	0	3,640,007	0	0	3,640,007
Ministry of Education	28.03.2019	28.03.2019	14959	Recurrent	61,384,306	61,384,306	0	0	0	61,384,306
Ministry of Education	02.05.2019	08.05.2019	20466	Recurrent	66,722,071	66,722,071	0	0	0	66,722,071
Ministry of Education	06.06.2019	06.06.2019	21115	Recurrent	66,722,071	66,722,071	0	0	0	66,722,071
Ministry of Education	28.06.2019	28.06.2019	21356	Recurrent	66,722,071	66,722,071	0	0	0	66,722,071
Total Received					805,791,561	784,651,554	21,140,007	0	0	805,791,561
ADD: Accrued										
Ministry of Education	30.06.2019	30.06.2019	Accrued	Recurrent	77,269,549	77,269,549	0	0	0	77,269,549
Grand Total					883,061,110	861,921,103	21,140,007	0	0	883,061,110

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

4. Grants & Donations

The University recorded a very small percentage 0.03% on grants and donations totaling to Kes. 323,830 during the year. The University retains 10% on research funds which accounted for Kes. 95,830 in the 2018/2019 financial year. Other grants and donations included a donation of Kes. 115,000 from the Deputy Vice Chancellor (ARSA), Professor Wanjiku Chiuri, for Hyma Day Care in the University.

Students' bursaries and loans to students by Higher Education Loans board (HELB) and National Government-Constituencies Development Funds (NG-CDFs) are accounted directly to the students' accounts as this is support to the students. In 2018/19, HELB awarded loans to students amounting to Kes.63,226,940, while NG-CDFs and other organizations gave a total of Kes.42,847,350 to our students as bursaries. Donations and share of research fund to the University were as follows;

Grants & Donations		2018/2019 (30.06.2019)	2017/2018 (30.06.2018)
Code	Description	Kes.	Kes.
50610	Research Grants	95,830	0
50650	Other Grants & Donations	228,000	0
	Sub-Total	323,830	0

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

5. Students' Fees

Revenue from students' fees is accounted for over the period in which they relate. Fees paid in advance are carried forward as excess/prepayments under trade and other payables. During the period under review, the University recorded students' fees amounting to Kes. 344,780,879.40 translating to 27.64% of total revenue. Tuition fees was the highest at Kes.220,676,266. The following is the breakdown on students' fee

Students' Fees		2018/2019	2017/2018
Code	Description	(30.06.2019)	(30.06.2018)
		Kes.	Kes.
50010	Students ID	578,600	834,535
50060	Examination Fee	14,690,940	17,507,477
50065	Application Fee	466,500	484,000
50070	Registration	9,234,980	10,541,135
50072	Activity Fee	8,708,250	8,744,920
50075	Convocation Fee	8,385,595	6,746,607
50085	Academic Transcripts	1,054,900	264,610
50200	Library Fee	9,664,610	11,139,420
50290	Accommodation	2,976,100	2,826,020
50600	Tuition	220,676,266	218,010,405
50620	Students Medical Fee	4,482,958	9,303,402
50625	Computer Charges	11,684,550	11,225,110
50630	Material Development	14,286,694	15,754,602
50655	Students Supervision Fee	32,452,982	23,109,645
50720	Laboratory Charges	4,871,010	5,090,430
50940	Retakes & Supplementary	539,945	278,445
50945	Remarking fees	26,000	1,698,130
	Sub-Total	344,780,879	343,558,893

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

6. Other Miscellaneous Income

The University recorded a total of Kes.40,222,388 translating to 3.22% of the total income during the period. Included in other incomes was Kes. 14,115,500 received from insurance for burnt ICT/Examination building and equipment. An analysis of other incomes for the year is as follows;

Other Income		2018/2019	2017/2018
Code	Description	(30.06.2019)	(30.06.2018)
		Kes.	Kes.
50015	Miscellaneous Income	737,950	701,429
50020	NHIF Rebates	264,378	0
50030	Medical Charges - Guests	4,454,422	9,628
50040	Campuses Income	12,920,750	4,640,000
50087	Students' Damages	6,027,305	10,630
50088	Exam. Cards Replacement	1,500	21,000
50090	Gain on Disposal of Assets	0	0
50160	Hire of Transport	247,925	457,110
50180	Library Fines	28,087	24,842
50185	LU Marathon	871,557	846,690
50615	Conference Charges	0	57,218
50640	Rent Income	545,315	1,259,308
50810	Tendering Income	5,200	0
50930	Insurance Claim	14,115,500	0
	Sub-Total	40,222,388	8,029,724

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

7. Staff Costs

The average number of employees during the period was 556 with a composition of 6 members of the University Management Board, 98 teaching staff and 452 non-teaching staff. The University incurred a total of Kes. 879,832,268 to cater for staff salaries and benefits. Included in staff costs is compensation to University Management Board amounting to Kes. 48,248,773 for 2018/2019 as indicated below;

University Management Board Remuneration	2018/2019 Kes.	2017/2018 Kes.
Current Vice-Chancellor	11,836,208.40	594,956.55
Former Vice-Chancellor	-	16,007,308.80
Deputy Vice-Chancellor – A&R	10,223,843.00	9,941,796.00
Deputy Vice-Chancellor – AFD	5,344,968.00	7,803,272.00
Registrar A&R	7,253,011.20	7,253,011.20
Registrar Admin.	7,253,011.20	7,253,011.20
Finance Officer	6,337,731.23	7,253,011.20
Total	48,248,773.03	56,106,366.95

There were no other related party transactions by the University Management Board members such as loans or advances or any other item described under IPSAS 20.

The University together with Egerton, Kisii and Chuka Universities operates a defined contribution staff provident scheme. The University contributes 20% of basic salary to pensionable staff in grade 5-15 which totaled Kes. 55,194,308 during the year. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Employees on contracts are entitled to service gratuity on successful completion of their contracts and recognized when they accrue. Gratuity to staff on contract and those retiring is payable at 31% of basic salary for every year worked. The University paid gratuity amounting to Kes. 23,054,394 during the year.

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

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

		2018/2019	2017/2018
Staff Costs		(30.06.2019)	(30.06.2018)
Code	Description	Kes.	Kes.
70010	Basic salary	371,154,514	370,186,667
70020	NSSF (Employer)	584,400	603,800
70025	Medical Allowances	12,696,245	12,805,784
70030	Pension (Employer)	55,194,308	68,622,533
70040	House Allowance	183,920,641	185,637,343
70045	Other Personal Allowances	48,472,851	48,143,773
70050	Gratuity	23,054,394	0
70060	Leave Travel	5,279,315	5,442,617
70090	Commuting Allowance	65,295,290	66,305,979
70100	Casual Labour	2,392,901	3,055,045
70105	Hardship Allowance	82,073,777	81,922,874
70160	Passage & Baggage	439,136	609,740
70165	Internship	896,799	264,840
70210	Staff Development/Training	1,661,090	1,011,436
70295	Group Life insurance	8,886,561	8,470,816
70380	Staff Funeral Expenses	754,530	180,000
70850	Staff (Dental & Optical) Expenses	985,110	836,678
71030	Staff Med. Expenses (Hospitalization)	16,052,405	15,081,298
71905	Tuition Fee Waiver	38,000	0
	Total Staff Costs	879,832,268	869,181,221

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

8. Administrative Expenses

The University incurred a total of Kes. 73,922,463 as administrative expenses as itemized below;

Administrative Expenses		2018/2019 (30.06.2019)	2017/2018 (30.06.2018)
Code	Description	Kes.	Kes.
70110	Travel & Subsistence	22,584,595	16,697,206
70115	Tax Penalties & Interests	0	10,649
70120	Office Stationery	2,766,528	1,015,911
70125	Photocopying Expenses	203,905	652,679
70130	Publishing & Printing	27,000	48,720
70140	Advertising & Publicity	1,448,319	2,621,690
70150	Postage & Telephone	1,054,910	1,497,796
70170	Electricity Expenses	15,143,015	14,596,987
70180	Meeting Expenses	3,169,382	1,993,715
70205	Revaluation of Assets	411,900	0
70240	Cleaning Materials	467,640	763,347
70250	Staff Uniforms	223,392	547,032
70280	Bank Charges	534,050	606,304
70320	Computer charges & Stationery	2,431,009	3,074,055
70330	General Licenses	152,313	42,600
70350	Audit Fees	696,000	696,000
70420	Rents & Rates	1,290,000	1,056,812
70465	Security Infrastructure	2,246,530	135,856
70490	Subscription to University Memberships/Regulatory Bodies	424,700	24,876
70645	Transport operating Expenses	8,320,461	3,873,844
70815	Tendering Expenses	123,900	0
70885	Quality Assurance	193,164	160,632
71110	Maintenance of water & Sewerage	372,714	1,797,754
71152	Contracted Professional Services	57,100	320,750
71350	Office Running Expenses	1,103,079	1,586,545
71509	Strategic Plan/Charter Launch	625,200	0
71510	ISO Expenses/Launch	5,298,578	2,083,469
71715	Performance Contracting	1,013,847	226,000
71717	Complaints Resolution Exp.	49,200	0
71790	Public Celebrations	20,000	0
72017	Software Maintenance Expenses	536,899	1,541,575
70870	Health Week	903,225	0
	Sub Total	73,922,463	57,672,803

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

9. Repairs & Maintenance Expenses

An analysis to repairs and maintenance expenses indicated that the University incurred Kes. 5,095,822 on general repairs, while machinery repairs took Kes. 1,624,586 as indicated below;

Repairs & Maintenance Expenses		2018/2019	2017/2018
		(30.06.2019)	(30.06.2018)
Code	Description	Kes.	Kes.
70190	General Repairs	5,095,822	10,520,246
70500	Vehicle repairs	874,649	937,560
70655	Machinery repairs	1,624,586	803,327
	Sub Total	7,595,057	12,261,132

10. Contracted Services

The University contracted various companies and organizations to offer various services during 2018/19 FY. The services included insurance, legal services and cleaning and sanitary. These services cost the University Kes. 2,667,644 as shown below. Legal charges decreased considerably from Kes. 4,100,722 in 2017/18 to Kes. 819,078 in 2018/19 FY as a result of University Legal Officer taking up most of cases initially being handled by University Lawyer.

Contracted Services		2018/2019	2017/2018
		(30.06.2019)	(30.06.2018)
Code	Description	Kes.	Kes.
70230	Vehicles Insurance	1,206,975	1,240,621
70290	General Insurance -Property	106,991	357,651
70300	Legal Charges	819,078	4,100,722
71055	Cleaning & Sanitary Services	534,600	390,000
	Sub Total	2,667,644	6,088,994

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

11. Academic & Research Expenses

The University's core mandate is teaching and research, during the year under review, a total of Kes. 181,082,677 was paid to various activities under this line item.

Academic & Research Expenses		2018/2019	2017/2018
		(30.06.2019)	(30.06.2018)
Code	Description	Kes.	Kes.
70070	Part-time Teaching Costs	109,332,428	86,851,436
70321	Internet Services	18,333,032	16,825,287
70355	Research Programmes	499,630	1,871,350
70375	Senate Expenses	2,500	10,000
70445	International Travel	257,531	301,200
70450	KUCCPS Expenses	3,043,500	0
70455	Conference & Seminars	2,241,153	2,148,742
70460	CUE Expenses	1,586,780	900,000
70480	Subscription to e-Journals	1,652,535	480,000
70485	Subscription to DSTV	0	162,900
70505	Teaching Materials	220,790	9,600
70510	Examination Stationery	5,388,866	2,564,184
70515	Laboratory Materials & Reagents	212,709	1,765,720
70520	Graduation Expenses	8,704,542	6,268,895
70521	Graduation Gowns	112,000	0
70535	External Examiners (Exam Moderation)	4,612,781	3,030,500
70565	Newspapers, Journals & Videos	1,133,190	1,078,810
70980	Teaching Practice & Field Attachment	21,055,601	6,146,950
71506	Academic Field Trips	2,406,710	287,500
71511	Academic Exhibitions	286,400	104,455
	Sub Total	181,082,677	130,807,528

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

12. Students Welfare Expenses

Over the years, the University Management Board has made a deliberate decision to provide access to a percentage of students through a number of ways, among them, Students' bursaries and work-study programme. The University also supports students through provision of medical supplies and students' activities like drama and sports. In 2018/2019, the University incurred a total of Kes. 14,096,133 to improve on students' welfare as follows;

Students Welfare		2018/2019	2017/2018
		(30.06.2019)	(30.06.2018)
Code	Description	Kes.	Kes.
70310	Students' Bursaries	1,000,000	700,000
70440	LU Marathon	4,775,885	4,343,969
70860	Students Medical Supplies	3,306,487	1,350,244
70950	Students Miscellaneous A/c	2,370,350	1,740,992
71498	Students Work-study	703,900	243,300
71517	Drama Festivals	500,000	0
71518	Cultural Week	110,000	0
71519	Students' Counseling Expenses	307,090	168,000
71560	Games Exp. (Inter Universities)	1,022,421	891,600
	Sub Total	14,096,133	9,438,105

13. Council Expenses

The University approves formal and transparent remuneration policies to Council members. These policies clearly stipulate remuneration elements such as meeting attendance/sitting allowance, transport re-imburements and honorarium to the Chancellor and Chairperson of Council in line with the industry. All Council members are paid a taxable sitting allowance of Kes.20,000 for every meeting attended. During the year under review, the University council held various meetings to deliberate issues of the University. A total of Kes.9,522,411 Was incurred as compensation to Council members as follows;

Council Expenses		2018/2019	2017/2018
		(30.06.2019)	(30.06.2018)
Code	Description	Kes.	Kes.
71800	Sitting Allowance	4,240,000	4,600,000
71800	Mileage Allowance	1,584,611	1,934,403
71800	Accommodation Expenses	2,621,800	2,697,359
71800	Lunch Allowance	32,000	46,000
71800	Honorarium	1,044,000	1,944,000
	Sub Total	9,522,411	11,221,762

The decrease on honorarium is due to vacancy in the office of University Chancellor which has been vacant since April 2018.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

14. Finance Charge

Finance charge is any fee representing the cost of credit, or the cost of borrowing. It is interest accrued on, and fees charged for, some forms of credit. It includes not only interest but other charges as well, such as financial transaction fees. The University had no outstanding loan balance in 2018/2019 hence no expenditure was incurred.

Finance Charge		2018/2019	2017/2018
Code	Description	Kes.	Kes.
71520	Loan Interest	0	1,092,097
	Sub Total	0	1,092,097

15. Depreciation

For the purpose of depreciation, all assets were given a new lease of life by netting accumulated depreciation brought forward and cost of asset giving them a new life cycle. The total depreciation charged during the year was Kes.14,933,740. Full year depreciation was charged on Net Book Values before revaluation, while the depreciation on revaluation gain resulting to excess depreciation was charged pro-rata for two (2) months (May-June 2019). A transfer for excess depreciation amounting to Kes.2,803,924 was made between revaluation and revenue reserves.

Depreciation		2018/2019	2017/2018
Code	Description	Kes.	Kes.
72018	Property, Plant & Equipment	14,287,666	14,596,793
72018	Library Books	646,074	135,377
	Sub Total	14,933,740	14,732,170

16. Bad Debts

Bad debt is an expense that a business incurs once the repayment of credit previously extended to a customer is estimated to be uncollectible. Bad debt is a contingency that must be accounted for by all businesses who extend credit to customers, as there is always a risk that payment will not be received. As a result, a provision for bad and doubtful debts need to be included in the income statement. Laikipia University made a general provision for bad and doubtful debts on receivables from exchange transaction at the close of 2018/2019 FY. Excluded from the provision for bad debts was receivable from non-exchange transaction since it had already been received from the government in July 2019 and catered under post balance sheet events. Irrecoverable debts are also written off as an expense in the income statement. Details of this line item are as follows;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

Bad Debts	2018/2019	2017/2018
(i) Provision for Bad Debts	Kes.	Kes.
Receivables from Exchange Transactions	224,280,955	249,529,677
Less Provision for Bad & Doubtful Debts @ 10%	22,428,095	24,952,968
Net Receivables from Exchange Transactions	201,852,859	224,576,709
Receivables from Non- Exchange Transactions	77,269,549	0
Total Net Receivables	279,122,408	224,576,709
Increase/(Decrease) in Provision for Bad Debts	(2,524,872)	2,294,816
(ii) Bad Debts Written-off	2018/2019	2017/2018
Provision for Bad Debts	Kes.	Kes.
Farm Dues	34,370	0
Bookshop Dues	450	0
Medical Dues	0	0
Imprests	0	0
Total Debts Written off	34,820	0

The negative figure on provision for bad debts was as a result of decrease in receivables from exchange transaction.

17. Loss on Assets Disposal/De-recognition

The University de-recognized assets with a cost of Kes. 10,808,358 and accumulated depreciation of Kes. 9,276,094 during the year 2018/2019. De-recognized buildings were as a result of demolition of Ngomongo Estate at a cost of Kes. 1,245,000. Computers at a cost of Kes. 5,965,285 were part of items burnt in the ICT/Examination building. In addition, the University lost computers at a cost of Kes.1,962,500 through theft raising security concern. All the de-recognized/disposed assets had Net Book Values of Kes.1,532,263 but on Kes. 39,500 was recovered on disposal of scrap assets leading to a loss of Kes. 1,492,763.

Summary of Assets De-recognition/Disposal

S/No.	Asset Class	Cost/ Valuation	Accumulated Depreciation b/f	Net Book Value b/f	Disposal Amount	Gain/(Loss) on Disposal/ Derecognition
1	Buildings	1,245,000	588,031	656,969	0	(656,969)
2	Fire Fighting Equipment	187,201	187,201	0	5,500	5,500
3	Kitchen Equipment	31,361	31,361	0	2,000	2,000
4	Office Equipment	427,500	414,468	13,032	1,000	(12,032)
5	Public Address Systems	103,000	61,800	41,200	0	(41,200)
6	Tuition Equipment	296,000	296,000	0	30,000	30,000
7	Furniture & Fittings	590,510	484,724	105,786	1,000	(104,786)
8	Computer & Accessories	7,927,785	7,212,509	715,276	0	(715,276)
		10,808,358	9,276,094	1,532,263	39,500	(1,492,763)

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

18. Farm Operations

**Farm Trading, Profit And Loss Account
For The Period Ended 30th June, 2019**

Details	2018/2019	2017/2018
	(30.06.2019)	(30.06.2018)
	Kes.	Kes.
Sales	2,320,577	3,428,011
Cost of Sales	1,819,618	4,018,902
Gross Profit/(Loss)	500,959	(590,891)
Expenses	1,245,666	1,155,295
Net Profit/(Loss)	(744,707)	(1,746,187)

19. Catering Operations

**Catering Trading, Profit and Loss Account
For the Year Ended 30th June, 2019**

Details	2018/2019	2017/2018
	(30.06.2019)	(30.06.2018)
	Kes.	Kes.
Sales	7,207,404	4,742,517
Cost of Sales	7,445,919	3,928,415
Gross Profit/(Loss)	(238,515)	814,102
Expenses	265,190	698,258
Net Profit/(Loss)	(503,705)	115,844

20. Bookshop/Medical Operations

**Bookshop/Medical Trading, Profit and Loss Account
For the Year Ended 30th June, 2019**

Details	2018/2019	2017/2018
	(30.06.2019)	(30.06.2018)
	Kes.	Kes.
Sales	0	501,460
Cost of Sales	0	0
Gross Profit/(Loss)	0	501,460
Expenses	0	41,732
Net Profit/(Loss)	0	459,728

NB: operations for Medical Department were transferred to main University operations as Medical is not classified under profit making units.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

21. Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Bank Account Name	Account Number	2018/2019 (30.06.2019) Kes.	2017/2018 (30.06.2018) Kes.
KCB Main Account	1102161683	16,391,087.28	35,992,986
KCB Nakuru Account	1101909080		9,575,733
KCB Development Account	1120980534	204,452.35	6,579,069
KCB Research Account	1125437723	711,093.70	892,563
KCB Farm Account	1102161551	160,704.20	1,368,742
KCB Catering Account	1102168688	463,230.05	402,433
KCB Bookshop Account	1102161829	951,208.10	733,982
KCB - Mararal Fees Account	1135920710		4,568,325
KCB - Mararal CDF Account	1134913397	1,289,165.10	1,290,615
Co-operative Fees Account	1129025576702	252,837.93	
Co-operative Bank Fees Account	1129501778000		7,986,708
Co-operative Bank Nyahururu Fees Account	1129037271600		11,128,469
Co-operative Bank Naivasha Account	1129037293400	95,889.30	100,557
Co-operative Bank - Marathon Account	1120036453400	958,709.00	968,280
Co-operative Bank - Gratuity/Caution Money Account	1100036453400	153,878.66	153,879
Equity Fees Account	160295840456		2,858,057
Chancellors & Alumni Endowment Fund Account	160264998833	400,000.00	400,000
MPESA Pay bill	829850	239,246.00	17,230
Total		22,271,502	85,017,627
Cash in Hand		21,389	28,504
Total Cash & Cash Equivalents		22,292,890	85,046,132

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

22. Accounts Receivables

Students' Fees balances were the highest amount of receivables at Kes. 132,719,663. Clean-up on all students' balances is on-going to establish the correct receivables. Included in receivables is campuses income of Kes.64,294,394 which has been outstanding in our books for some time. A reconciliation exercise is on-going to establish the correct receivables from these campuses and a journal entry will be passed to correct the errors on completion.

	2018/2019	2017/2018
	(30.06.2019)	(30.06.2018)
(i) Receivable from Exchange Transactions	Kes.	Kes.
Details		
Students' Fee Balances	132,719,663	143,739,417
Fee Receivable Egerton University	1,862,823	1,862,823
Eldoret Campus (Elgon View) Students' Account	3,566,894	3,566,894
Nakuru Campus Students' Account	7,854,500	2,016,134
Embu Campus Students' Account	52,873,000	55,918,800
Nakuru Campus Director's Salary Account	8,964,325	5,000,810
Embu Campus Director's Salary Account	4,510,496	4,510,496
Farm Debtors	310,817	345,187
Bookshop Debtors	18,114	18,564
Medical Debtors	60,257	60,257
Salary Advance	124,011	124,011
Leasehold	1,276,033	1,327,733
Un-surrendered Imprests	326,906	1,548,903
Deposits & Pre-payments	8,699,842	8,669,064
SSP Tax	1,081,324	2,251,012
LU Deductions	0	17,009,455
Council Allowances	0	0
Laikipia University Students' Organization	0	468,033
Contractors (Capital Projects)	0	1,092,085
Receivable on Assets Disposal	31,950	0
Total	224,280,955	249,529,677
Less Provision for Bad & Doubtful Debts @ 10%	22,428,095	24,952,968
Net Receivable from Exchange Transactions	201,852,859	224,576,709
(ii) Receivable from Non-exchange Transactions		
Details		
G.O.K. Capitation - Recurrent	77,269,549	0
Total	77,269,549	0
Total Net Receivables	279,122,408	224,576,709

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

23. Inventories

The accounting for inventory involves determining the correct unit counts comprising ending inventory, and then assigning a value to those units. The University conducts a physical count/stock taking on inventories held at the close of each financial year. The resulting costs are then used to record an ending inventory value for recognition in the statement of financial position. The University recorded closing inventory of Kes.17,676,910 during the year as follows;

Inventory Stores Summary By Classification As At 30th June, 2019

Inventories	2018/2019	2017/2018
	(30.06.2019)	(30.06.2018)
	Kes.	Kes.
Animal Feeds	399,636	342,460
Boma Rhode Hay-Bales	73,350	169,680
Carpentry Materials	1,617,956	1,928,154
Chemicals & Fertilizers	245,410	288,493
Cleaning Materials	132,943	509,340
Diesel/ Petro/Lubricants	3,434	37,726
Dry Foodstuff	147,182	169,206
Electrical Appliances	608,789	779,063
Gift Shop Items	391,208	232,138
Harvested crop/Seeds	174,725	182,105
Harvested Oats (Grain & Bales)	0	83,460
Linens & Curtains	0	91,800
Masonry Materials	874,234	136,425
Medical Drugs/Reagents	2,979,007	1,252,857
Medical Laboratories Apparatus	709,419	234,267
Office Stationery	2,990,808	2,587,759
Painting Materials	720,050	701,710
Perishable Foodstuff	163,000	27,750
Plumbing Materials	921,037	1,126,233
Science Laboratories Apparatus	1,709,100	1,084,676
Science Laboratory Reagents	2,088,954	515,970
Tools & Spare parts	528,010	1,212,414
Vet Drugs	1,580	47,600
Welding Materials	197,080	15,806
Total	17,676,910	13,757,091

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

24. Property, Plant & Equipment (PPE)

International Public Sector Accounting Standards (IPSAS) 17 stipulates that an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment. During the year under review, the University revalued all assets in all classes therefore adopting revaluation model.

Before revaluation, University Property, Plant and Equipment (PPE) had cost brought forward of Kes.1,719,524,784 with accumulated depreciation of Kes. 299,348,806. The University derecognized PPE at cost amounting to Kes. 10,466,357.51 with accumulated depreciation of Kes. 9,276,094.21. Also derecognized were computers purchased and lost within the year amounting to Kes.342,000. Cumulatively, PPE had a net book value of Kes. 1,418,985,714.37. The assets were revalued in the month of May 2019 to Kes. 932,325,113.39 except for work-in-progress with a cost of Kes. 1,046,763,704.87. New value of assets increased to Kes. 1,979,088,818.26 resulting to a gain on revaluation of Kes. 560,103,103.89 which was accounted for under revaluation reserve as required by IPSAS 17 and IAS 16.

The University also added new assets at a cost of Kes.66,264,112 which did not form part of the revaluation as the assets were acquired during the year and therefore the difference between their costs and fair market value on revaluation will not be material. Total cost and valuation carried forward was Kes. 2,045,010,930. Depreciation computed on this figure was Kes. 14,287,665.88 resulting to net book value on PPE of Kes. 2,030,723,264.32.

A transfer was made on excess depreciation as a result of revaluation of Kes.2,803,923.68 between revaluation reserve and revenue reserve.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2019

Movement on Property, Plant and Equipment

Cost/Valuation	Land Kes.	Buildings Kes.	Work-in- Process Kes.	Plant Machinery & Tractors Kes.	Motor Vehicles Kes.	Equipment Kes.	Furniture & Fittings Kes.	Computers & Accessories Kes.	Total Kes.
As at 1st July, 2017	194,835,000	259,113,430	1,024,045,428	11,696,623	46,626,815	59,656,754	25,833,829	42,107,924	1,663,915,803
Disposal									0
Additions			49,939,385			3,654,326		2,015,270	55,608,980
Adjustments for Omission (MV)		27,221,108	(27,221,108)						0
As at 30th June, 2018	194,835,000	286,334,538	1,046,763,705	11,696,623	46,626,815	63,311,080	25,833,829	44,123,194	1,719,524,784
Accumulated Depreciation									
As at 1st July, 2017	0	115,755,068	0	8,186,710	46,481,815	56,456,526	20,046,907	37,824,988	284,752,013
Accumulated Depreciation on Assets Disposed/Adjustments	0	0	0	0	0	0	0	0	0
Depreciation Charge for the Year	0	7,158,364	0	779,622	72,500	2,716,619	1,399,255	2,470,434	14,596,793
As at 30th June, 2018	0	122,913,432	0	8,966,332	46,554,315	59,173,144	21,446,161	40,295,422	299,348,806
Net Book Value as at 30th June, 2018	194,835,000	163,421,106	1,046,763,705	2,730,291	72,500	4,137,936	4,387,668	3,827,772	1,420,175,978
Cost/Valuation									
As at 1st July, 2018	194,835,000	286,334,538	1,046,763,705	11,696,623	46,626,815	63,311,080	25,833,829	44,123,194	1,719,524,784
Disposal/De-recognition		(1,245,000)	0			(1,045,063)	(590,510)	(7,927,785)	(10,808,358)
Cost written-off on Revaluation	(194,835,000)	(285,089,538)	(1,046,763,705)	(11,696,623)	(46,626,815)	(62,266,018)	(25,243,319)	(36,537,409)	(1,709,058,426)
Revaluation	547,088,000	313,503,187	1,046,763,705	4,702,000	17,380,000	25,964,326	11,253,500	12,434,100	1,979,088,818
Additions			38,595,889	3,930,628	5,499,704	11,273,820	248,495	6,715,576	66,264,112
As at 30th June, 2019	547,088,000	313,503,187	1,085,359,594	8,632,628	22,879,704	37,238,146	11,501,995	18,807,676	2,045,010,930
Accumulated Depreciation									
As at 1st July, 2018	0	122,913,432	0	8,966,332	46,554,315	59,173,144	21,446,161	40,295,422	299,348,806
Accumulated Depreciation on Assets Disposed/Derecognized	0	(588,031)	0	0	0	(990,831)	(484,724)	(7,212,509)	(9,276,094)
Accumulated Depreciation Written off on Revaluation	0	(122,325,401)	0	(8,966,332)	(46,554,315)	(58,182,314)	(20,961,438)	(33,082,913)	(290,072,712)
Depreciation Charge for the Year	0	4,697,183	0	698,954	2,114,197	3,800,859	711,539	2,264,935	14,287,666
As at 30th June, 2019	0	4,697,183	0	698,954	2,114,197	3,800,859	711,539	2,264,935	14,287,666
Net Book Value as at 30th June, 2019	547,088,000	308,806,004	1,085,359,594	7,933,674	20,765,507	33,437,287	10,790,456	16,542,742	2,030,723,264

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

25. Library Books

The University recorded library books at the start of the financial year at Kes.14,368,473 with accumulated depreciation of Kes.14,274,935. Net book Value on library books was therefore Kes.93,538.20. On revaluation, value of books increased to Kes.7,531,150 resulting to a gain on revaluation of Kes.7,437,611.80. Additions on library books during the year at cost was Kes.1,897,230. Cost and valuation carried down was Kes.9,428,380 (7,531,150+1,897,230). Computed depreciation on new value of library books was Kes. 646,074.03 resulting to a net book value of Kes.8,782,305.97.

2017/2018	Library books
Cost/Valuation	Kes.
As at 1st July, 2017	14,368,473
Disposal	
Additions	
As at 30th June, 2018	14,368,473
Accumulated Depreciation	
As at 1st July, 2017	14,139,558
Accumulated Depreciation on Assets Disposed/Adj.	
Depreciation Charge for the Year	135,377
As at 30th June, 2018	14,274,935
Net Book Value as at 30th June, 2018	93,538
2018/2019	
Cost/Valuation	
As at 1st July, 2018	14,368,473
Disposal /De-recognition	
Cost written off on Revaluation	(14,368,473)
Revaluation	7,531,150
Additions	1,897,230
As at 30th June, 2019	9,428,380
Accumulated Depreciation	
As at 1st July, 2018	14,274,935
Accumulated Depreciation on Assets Disposed/De-recognition	-
Accumulated Depreciation Written off on Revaluation	(14,274,935)
Depreciation Charge for the Period	646,074
As at 30th June, 2019	646,074
Net Book Value as at 30th June, 2019	8,782,305.97

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

26. Intangible Assets

IPSAS 31 prescribes the accounting treatment for intangible assets that are not dealt with specifically in any other IPSAS. It requires an entity to recognize an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets. The accounting treatment for an intangible asset is to record the asset as a long-term asset and amortize the asset over its useful life, along with regular impairment reviews.

The University recorded intangible assets amounting to Kes. 15,125,700 with no amortization as they are still under work-in-progress. ABN Unisol. is currently being implemented and will be capitalized once complete. We are in the process of de-recognizing Power Campus Software since its implementation failed.

Intangible Assets	
2017/2018	ERP Software
Cost/Valuation	Kes.
As at 1st July, 2017	9,413,220
Additions	750,000
As at 30th June, 2018	10,163,220
Accumulated Amortization	
As at 1st July, 2017	0
Amortization Charge for the Year	0
As at 30th June, 2018	0
Net Book Value as at 30th June, 2018	10,163,220
2018/2019	
Cost/Valuation	
As at 1st July, 2018	10,163,220
Additions	4,962,480
As at 30th June, 2019	15,125,700
Accumulated Amortization	
As at 1st July, 2018	0
Amortization Charge for the Year	0
As at 30th June, 2019	0
Net Book Value as at 30th June, 2019	15,125,700

Summary of Intangible Assets	Amount (Kes.)
Power Campus (World Span)	9,413,220.00
aSc Software (Exam/Timetabling 2017/18)	750,000.00
ABN UniSol.	4,962,480.00
	15,125,700.00

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

27. Biological Assets

International Public Sector Accounting Standards (IPSAS) 27 and International Accounting Standards (IAS) 41, prescribe the accounting treatment of biological assets. The standards generally require biological assets to be measured at fair value less costs to sell. The University recorded a total of Kes.5,624,500 as biological assets at the close of 2018/2019 FY year.

Biological Assets	2018/2019	2017/2018
Detail	(30.06.2019)	(30.06.2018)
	Kes.	Kes.
Cattle	5,278,000	4,956,000
Boma Rhodes in Field	0	800,000
Tree Nursery seedlings	346,500	275,100
Total	5,624,500	6,031,100

28. Overdrawn Cashbooks

The University does not operate bank overdrafts. However our cashbooks were overdrawn due to receipting errors under the power campus software which does not receipt excess fees but the money had already been deposited to our bank accounts. As a result cheques written on these cashbooks indicated overdrawn accounts but in actual sense there were no overdrafts in the affected bank accounts. The overdrawn cash books are shown within borrowings in current liabilities on the statement of financial position.

Overdrawn Cash Books

Bank Account Name	Account Number	2018/2019	2017/2018
		(30.06.2019)	(30.06.2018)
		Kes.	Kes.
KCB Nyahururu Main Account	1102161683		0
KCB Nakuru Account	1101909080	456,508	
KCB - Mararal Fees Account	1135920710	248,134	
Co-operative Fees Account	1129025576702		811,959
Co-operative Bank Account	1129501778000	2,474,000	
Co-operative Bank Nyahururu Account	1129037271600	1,364,160	
Equity Account	160295840456	2,318,345	
Grand Total		6,861,147	811,959

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

29. Accounts Payables

Accounts payable are classified as current liabilities/short-term payables if payment is due within one year or less. If not, they are presented as non-current liabilities/long-term payables. The University recorded payables amounting to Kes.417,876,902 under short-term payables with no pending long-term payable. Part-time teaching cost were the highest at Kes.194,943,814 due to recognition of prior years' claims raised in 2018/19 FY.

Accounts Payables

	2018/2019	2017/2018
	(30.06.2019)	(30.06.2018)
Details	Kes.	Kes.
(i) Short term Payables		
Trade Payables	44,942,123	49,829,826
Audit Fees Payable (KENAO)	1,428,000	1,428,000
Contractors -Capital Projects	67,148,242	63,963,154
Part-time Teaching Costs	194,943,814	180,772,334
Accrued Council Honoraria	87,000	87,000
Students Caution Money	17,390,020	19,422,520
Excess Fees (Prepaid Tuition)	28,291,382	32,257,088
Laikipia University Students' Organization (LUSO)	90,442	
Alumni Account	2,279,105	2,119,285
Salary & deductions payable	36,022,140	93,652,287
2010-2013 CBA Basic & House Arrears Payable	4,497,589	4,497,589
Staff Medical Claims (Dental & Optical)	42,279	306,507
Other staff claims	439,740	700,600
Rent & Leasehold in Advance	1,217,076	1,217,076
Rent Deposits Payables	50,000	50,000
Pay As You Earn (PAYE) Payable -Council Members	282,600	674,100
Kenya Revenue Authority (VAT & Income Tax Payable)	13,925,351	5,469,919
Nakuru Campus (Cash-in-Transit)	4,800,000	0
Total	417,876,902	456,447,284
(ii) Long term Payables	Kes.	Kes.
Long-term Liabilities	0	0
Total	0	0

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

30. Movement in Working Capital

Changes in net working capital are the difference in the working capital from the current year and the previous year. Working capital is a financial metric which represents operating liquidity available to an organization. It is the capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities.

During the year under review, the University recorded a decrease in working capital of Kes. 96,629,300 as indicated below;

Changes in Working Capital

ITEM	2018/2019	2017/2018	Working Capital
	(30.06.2019)	(30.06.2018)	Changes)
	Kes.	Kes.	Kes.
(i) Receivables	279,122,408	224,576,709	(54,545,699)
(ii) Inventory	17,676,910	13,757,091	(3,919,819)
(iii) Payables	417,876,902	456,447,284	(38,570,382)
(iv) Biological Assets	5,624,500	6,031,100	406,600
Total	720,300,720	700,812,184	(96,629,300)

31. Purchase of Non-current Assets

For purposes of cash flow statement, all assets acquired during the period are accounted use of funds under cash flows on investing activities. It is the money paid out to acquire investment in assets. In 2018/2019, the University incurred a total of Kes.34,527,983 for purchase of non-current assets. Details of additional assets during the year are as follows;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2019

Purchase of Non-Current Assets		2018/2019	2017/2018
(i)	Purchase of Office Equipment	Kes.	Kes.
	Office Equipment	2,007,600	0
	Public Address System	658,400	253,856
	Science Lab Equipment	7,893,700	3,001,000
	Fire Fighting Equipment	113,000	0
	Water Supply Equipment	23,000	0
	Sports Equipment	578,120	399,470
	Sub-Total	11,273,820	3,654,326
(ii)	Plant, Machinery & Tractors		
	Farm Machinery	400,000	0
	Tractors	2,800,000	0
	Other Machinery	730,628	0
	Sub-Total	3,930,628	0
(iii)	Motor Vehicles		
	Motor Vehicle - Ambulance	5,499,704	0
	Sub-Total	5,499,704	0
(iv)	Furniture & Fittings		
	Office Furniture	248,495	0
	Sub-Total	248,495	0
(v)	Computers & Accessories		
	Computers & Appliances	3,722,100	2,015,270
	Local Area Networks (LAN)	2,993,476	0
	Sub-Total	6,715,576	2,015,270
(vi)	Library Books		
	Library Books	1,897,230	0
	Sub-Total	1,897,230	0
(vii)	Intangible Assets ERP		
	ERP Software	4,962,480	750,000
	Sub-Total	4,962,480	750,000
	Total Additional Assets	34,527,933	6,419,596

32. Additional Work-in-Progress

Work-in-Progress is the total value of the materials and labour for unfinished projects. The University incurred a total of Kes.38,595,889 as additional costs to the on-going capital projects.

Capital Project Details	2018/2019	2017/2018
	Kes.	Kes.
University Gate	116,290	1,184,862
Sewerage Treatment works & Wetlands	0	8,079,050
New Library & Admin Block	17,851,595	7,382,977
Science Laboratories	166,601	582,969
Renovation of Students Hostels - Ngare Narok	444,400	0
Tuition Block	17,858,800	32,709,526
Sports Grounds & Pavilion	2,158,203	0
Total	<u>38,595,889</u>	<u>49,939,385</u>

THE END

