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*ANNUAL REPORTS AND
FINANCIAL STATEMENTS*

FOR THE YEAR ENDED

30TH JUNE 2013

*Transforming Higher Education...
Enhancing Lives*

Kenyatta University

Transforming Higher Education... Enhancing Lives

Our Vision

To be a dynamic, inclusive and competitive centre of excellence in teaching, research and service to humanity.

Our Mission

To provide quality education and training, promote scholarship and innovation for sustainable individual and societal development.

Our Identity

A community of scholar committed to the generation and dissemination of knowledge and cultivation of creativity for the welfare of society.

Our Philosophy

Sensitivity and responsiveness to societal needs and the right of every person to knowledge

Our Core Values

- ✦ Truth
- ✦ Moral Integrity
- ✦ Excellence
- ✦ Democracy
- ✦ Creativity
- ✦ Corporate Governance
- ✦ Self-Reliance
- ✦ Institutional Culture of Hard Work
- ✦ Innovation
- ✦ Competitiveness
- ✦ Quality and Relevance
- ✦ Academic Freedom
- ✦ Equal Opportunity
- ✦ Respect for Diversity
- ✦ Professionalism

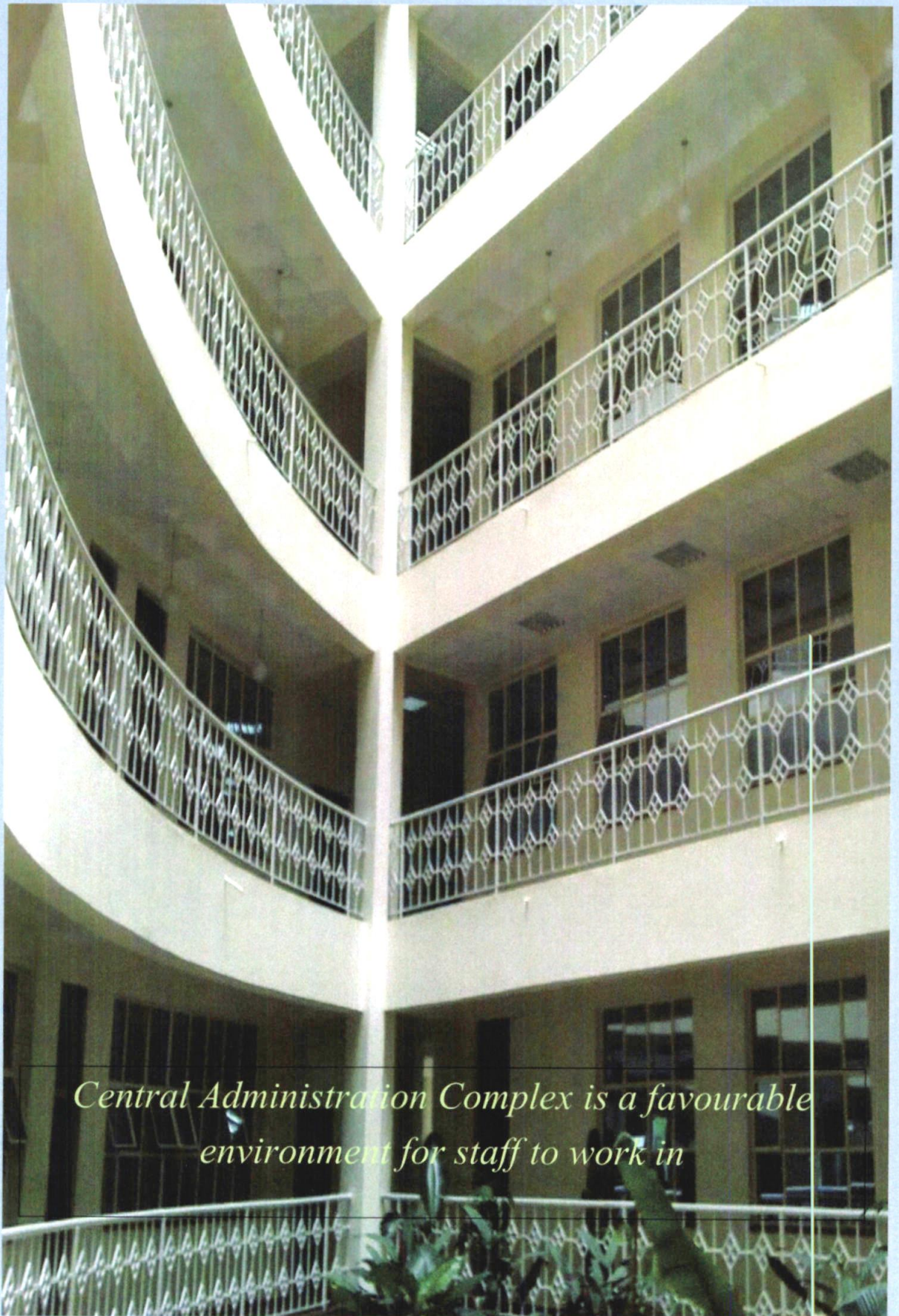
2013/2012

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KENYATTA UNIVERSITY
CENTRAL ADMINISTRATION COMPLEX





Central Administration Complex is a favourable environment for staff to work in



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University Council Members

Name		Date Appointed
Prof. Ratemo W. Michieka	- Chairman	7.02.2013
Prof. Olive M. Mugenda	- Vice-Chancellor	
Ms. Fenny W. Mwakisha, Rep. PS. Ministry of Education, Science and Technology,	- Member	
Mr. Samuel Macharia, Rep. PS. National Treasury	- Member	
Prof. David N. Ngugi	- Member	22.01.2013
Mr. Aggrey ole Murunga	- Member	22.01.2013
Rev. Beatrice W. Musila	- Member	22.01.2013
Ms. Flora N. Godo	- Member	22.01.2013



The Vice-Chancellor, Prof. Olive Mugenda, receiving the KU Charter from HE the President Uhuru Kenyatta



FORMER UNIVERSITY COUNCIL MEMBERS			Retirement Date
Mr. Benson Wairegi	-	Chairman	22.01.2013
Mr. Chacha Nyaigotti Chacha	-	Chairman	22.01.2013
Mr. Eliud Mathiu	-	Hon. Treasurer	22.01.2013
Prof. Keren G. Mburugu	-	D. V. .C. (FP&D)	22.01.2013
Prof. Paul K. Wainaina	-	D. V. C. (Administration)	22.01.2013
Prof. John Okumu	-	D. .V. C. (Academic)	22.01.2013
Prof. Mohamed Rajab	-	Principal, Pwani University	22.01.2013
Prof. Chrispus Kiamba	-	P. S., Ministry of Education	22.01.2013
Mr. Joseph K. Kinyua	-	P. S., Ministry of Finance	22.01.2013
Dr. Frank Mwongera	-	Member	22.01.2013
Dr. Mary Lonyangapuo	-	Member	22.01.2013
Mr. Sammy P.M. Kyungu	-	Member	22.01.2013
Mr. Obondo Kajumbi	-	Member	22.01.2013
Mr. Richard Kemoli	-	Member	22.01.2013
Ms Grace B.N. Madoka	-	Member	22.01.2013
Ms. Bernice Gachegu	-	Co-opted Member	22.01.2013
Mr. Philemon Mwaisaka	-	Co-opted Member	22.01.2013
Dr. Christine Wasanga	-	Senate Representative	22.01.2013
Prof. Ephantus Kabiru	-	Senate Representative	22.01.2013
Prof Christopher Shisanya	-	Senate Representative	22.01.2013
Prof. Waceke Wanjohi	-	Senate Representative	22.01.2013
Dr. Franklin K. Kaburu	-	Non- Senate Representative	22.01.2013
Mr. Benson Okebe	-	Non-Senate Representative	22.01.2013
Mr. Eugene Mutembe	-	Non-Acad. Members Representa.	22.01.2013
Mr. Tom Mboya	-	Students Representative	22.01.2013



Principal Officers of the University



Prof. Olive M. Mugenda, Ph.D. EBS; CBS.
Vice-Chancellor



Prof. R. Michieka EBS.
Chairman of Council



Prof. P.K. Wainaina,
DVC Administration)



Prof. K. Mburugu
DVC (Finance & Development)



Prof. J. Okumu
DVC (Academic)



Prof. F.Q. Gravenir,
DVC (RI&O)



Dr. D. Muindi,
Registrar (Administration)



Dr. N. Karagu,
Registrar, (Finance & Development)



Dr. S. Nyaga,
Registrar (Academic)



Mr. J.I. Gitahi,
Chief Finance Officer



The Chancellor and Principal Officers of the University

Chancellor

Mr. BENSON I. WAIREGI, E.B.S.,

B.Com. (Accounting), MBA (Nairobi), CPA (K.)

Chairman of the University Council

Prof. Ratemo W. Michieka, EBS.; FKNAS;

Appointed 7.02.2013

B.Sc.; M.Ed.; Ph.D. (Rutgus Univ.USA)

Vice – Chancellor

PROF. OLIVE M. MUGENDA, C.B.S, E.B.S.

B. Ed., (Nairobi), MBA (ESAMI), M.Sc., Ph.D. (Iowa State USA),

Deputy Vice-Chancellor (Administration)

PROF. PAUL K. WAINAINA,

B.Ed., MA, ED, (Nairobi), Ph.D. (Alberta, Canada)

Deputy Vice Chancellor (Academic)

PROF. JOHN OKUMU,

B.Sc. (Kenya), Ph.D. (Leeds)

Ag. Deputy Vice-Chancellor (Finance, Planning & Development)

PROF. KEREN G. MBURUGU,

Dip. Ed., B.Sc. (Wisconsin), M.Ed., Ph.D. (Kenya University)

Ag. Deputy Vice Chancellor (Research, Innovation and Outreach)

PROF. FREDERICK Q. GRAVENIR,

Appointed 26.03.2014

M.A.; Ph.D. (Prague, Czechoslovakia)

Registrar Administration

DR. DANIEL M. MUINDI

Appointed 5.06.2014

B.Ed.(Nairobi), M.ED, Ph.D. (Kenya University)

Ag. Registrar Academic

DR. STEPHEN N. NYAGA

Appointed 5.06.2013

B.Ed. M.Ed. Ph.D. (Kenya University)

Registrar (Finance, Planning and Development)

DR. NELSON M. KARAGU

B.Sc., M.A. Ed (Idaho, USA), Ph.D. (Nairobi)

Librarian

DR. GEORGE G. NJOROGE,

Ph.D. (Nairobi)

Chief Finance Officer

JOSEPH I. GITAHI,

B.Sc., M.SC. Org.Dev. (USIU) CPA(K)



University Information

Principal Place of Business

**Kenyatta University
Thika Road, Nairobi
P. O. Box 43844- 00100
Nairobi.**

Registered Office

**Kenyatta University
Thika Road, Nairobi
P. O. Box 43844- 00100
Nairobi.**



Prof. Olive Mugenda, with staff and students celebrating her appointment as Chair, Association of Commonwealth Universities.

Bankers

- **Co-operative Bank of Kenya Ltd
Haile Selassie Avenue
P.O.Box. 48231—00100
Nairobi**
- **National Bank of Kenya Ltd.
P. O. Box 41862 – 00100
Nairobi.**
- **Kenya Commercial Bank Ltd
P. O. Box 30081
Nairobi.**
- **Standard Chartered Bank Ltd.
P. O. Box 64355 - 00620
Nairobi.**
- **Equity Bank Ltd
P.O. Box 75104 – 00200
Nairobi**

Auditors

**Kenya National Audit Office
P.O. Box 30084 - 00100
GPO, Nairobi.**

Advocates

**Lawrence Mungai and Advocates
P. O. Box 10130 - 00100
Nairobi.**





Chairman's Report—30th June 2013



It is my great pleasure to present the University Annual Report and Financial Statements for the year ended 30th June 2013.

It is worth noting that as from the year 2006 the University embarked on a programme to transform the University with a view of attaining world class status. To do so the University developed a 10 year strategic plan that has enabled the University to achieve enormous growth.

In its goal of increasing access to quality education and training, the University continued with the construction of learning facilities, such as the Teaching, Research and Referral Hospital, Chandaria Business and Innovation Centre, Graduate School, Science Laboratory Complex among others.

The University has also established campuses at Daadab, Nanyuki, Embu and Arusha.

On infrastructural development the University is constructing Administration Block, Directorate Building and Parklands Campus Building among others.

In an effort to improve service delivery, the University aims to construct additional hostels under the PPP (Public Private Partnership) concept. This will facilitate more students to acquire accommodation at the main campus.

We will continue to work closely with the Government and other collaborating partners to provide highly competitive and versatile graduates which the country and region need for sustainable development.

I take this opportunity to thank the Government of Kenya and other collaborating partners, to provide highly competitive and versatile graduates which the country and the region need for sustainable development.

I take this opportunity to thank the Government of Kenya and all collaborating partners, both internal and external for their continued support.

Lastly, I want to thank my fellow members of Council, members of staff and students for their tireless effort and team work which has enabled the University to achieve very impressive results in the year just ended 2013.

Prof. Ratemo W. Michieka, Ph.D.,EBS, FKNAS,

Chairman

Kenyatta University Council



Vice-Chancellor's Report - 30th June 2013



I am delighted to present the University's results for the year ended 30th June 2013. During the year under review, the University remained on course in implementation of the

2005-2015 Strategic vision Plan; the focus of which has been on recovery, consolidation and reshaping the university for targeted expansion and internationalization. The main focus being quality, relevance and sustainability intended to enable a world class university.

During the year, the University put in place the necessary internal controls on resources to ensure that we meet the targets of revenue collection and cost control.

The University witnessed two Graduation Ceremonies, which saw the release of 6606 graduands to the labour market, who are highly competitive and meet high standards of dependability.

To facilitate increased access to University education to Kenyans, the University planned for and embarked on projects to increase and diversify programmes. During the year under review the following projects were on-going: the School of Economics, Chandaria Business and Innovation Centre, Graduate School, Science Laboratories, Teaching Research and Referral Hospital, and improvement of other facilities in order to prepare for increasing enrolments.

In conclusion, I take this opportunity to convey my appreciation and gratitude to the University Council, Management and all members of staff for their commitment to work and their timeless and splendid efforts that have seen Kenyatta University move towards its goal of becoming a world-class University.

Finally, I would like to thank the Government and local and international donors, suppliers and service providers for their trust, guidance and continued co-operation.

Prof. Olive M. Mugenda, Ph.D., C.B.S., E.B.S.,

Vice-Chancellor



Statement Of Kenyatta University Council Members' Responsibilities For The Year Ended 30th June 2013

Kenyatta University is required to prepare statements, which give a true and fair view of the state of affairs of the University as at the end of the financial year, and of its surplus or deficit for that year.

The University Council is required to ensure that the University maintains proper accounting records, which discloses, with reasonable accuracy, the financial position of the University.

Council is also responsible for safeguarding the assets of the University.

Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with International Financial Reporting Standards.

Council is of the opinion that these financial statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2013 and of its surplus for the year then ended.

The Council further confirms the accuracy and completeness of the accounting records maintained by the University, which have been relied upon in preparation of the financial statements, as well as on the adequacy of the system of internal financial control.

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

This statement is approved by the Council and is signed on its behalf by:

Prof. Olive M. Mugenda, Ph.D, CBS, EBS,
VICE-CHANCELLOR

Prof. David N. Ngugi, Ph.D.
CHAIRMAN, FINANCE COMMITTEE



Core Business Of Kenyatta University

The core business of the University is provided for in the Universities Act 2013 and the Kenyatta University Charter.

Functions and objectives of the university includes: -

- To provide directly or in collaboration with other institutions of higher learning, facilities for university education including technological and professional education research..
- To provide and advance university education and training to appropriately qualified candidates leading to the award of degrees, diplomas and certificates as council and senate shall from time to time determine and in so doing contribute to the manpower needs of Kenya.
- To conduct examinations for and to grant such academic awards as may be provided for in the statutes.
- To participate in the discovery, transmission and presentation of knowledge and to stimulate cultural and intellectual life of the society.
- To determine who may teach and what may be taught and how it may be taught in the university.
- To play an effective role in the development and expansion of opportunities to Kenyans wishing to continue with their education.



Academic procession for Matriculation Ceremony of 1st Year Students



Functions and Responsibilities of the Council

The Council is the governing body of the University.

Its responsibilities are:

- To administer the property and funds of the University.
- Shall receive gifts, grants or other moneys on behalf of the University, and make disbursements there from.
- May enter into associations with other universities.
- Shall provide for the welfare of students and members of staff.
- Make regulations governing the conduct and discipline of staff and students of the University.



KU Culture Week is an eagerly awaited celebration of our culture, by students and staff alike



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
 NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenyatta University set out on pages 11 to 30, which comprise the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Council's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair



presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

The property, plant and equipment balance of Kshs.8,400,281,935 as at 30 June 2013 includes the Main campus land registration No. 11026/2 of 445.17 hectares. However, part of the land measuring 12.472 hectares has been illegally encroached upon by squatters. The University has filed a suit on the illegal encroachment of the land and the matter is pending hearing at the Court of Law. Further, the property, plant and equipment balance includes additional land valued at Kshs.880,000 acquired from Lagdera Constituency Development Fund in Garissa County for which no ownership documents were availed for audit verification.

In the circumstances, it has not been possible to confirm the ownership status of the land and that the property, plant and equipment balance of Kshs.8,400,281,935 as at 30 June 2013 is fairly stated.

2. Trade and Other Receivables

(i) The trade and other receivables balance of Kshs.386,938,961 as at 30 June 2013 includes sundry debtors amounting to Kshs.286,006,039 out of which an amount of Kshs.23,171,004 has been outstanding for more than one year. No evidence was availed to confirm efforts being taken to recover these debts.

(ii) Trade and other receivable balance of Kshs.386,938,961 also includes imprest control of Kshs.18,434,291 as analyzed at note 14 to the financial statements out of which Kshs.9,422,378 are imprests held by ex-employees. No reason was given as to why the imprests were not recovered before the employees left the University.

(iii) Further, the trade and other receivables balance of Kshs.386,938,961 also includes an amount of Kshs.6,919,895 being staff debtors out of which Kshs.1,421,445.70 relate to car loans owed by four (4) ex-employees and have been outstanding for a long period of time. As indicated in the previous year, the car loans were issued by National Bank of Kenya and guaranteed by the University but the staff defaulted in repayment after they left the University. The bank however recovered the amount owed together with accrued interest from the fixed deposit account of the University.



It is not clear how the vehicle logbooks were released to the ex-staff and how the ex-employees were cleared by the University before the University fully recovered the outstanding loans.

In the circumstances, it has not been possible to confirm the recoverability of the trade and other receivables balance of Kshs. 386,938,961 as at 30 June 2013.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2013 and of its financial performance and its cash flows for the year ended, in accordance with International Financial Reporting Standards and comply with the Universities Act, 2012.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

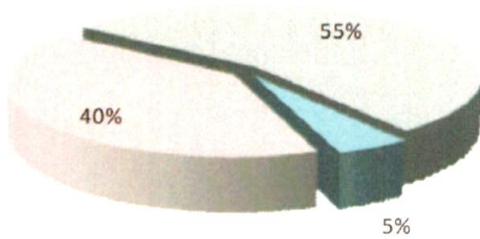
26 June 2014





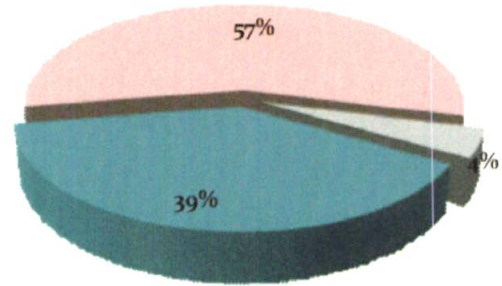
Financial highlights

Income by Source 2012/2013



GoK. Grant Tuition Fees IGA & Other

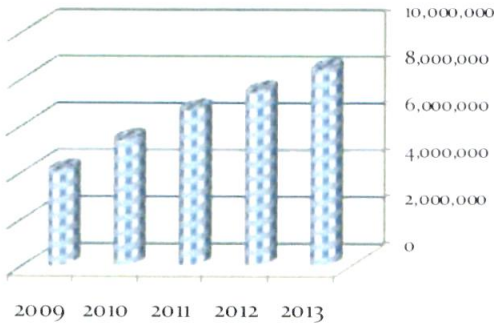
Distribution of Income 2012/2013



Gov. Grants Tuition Fees Other Income

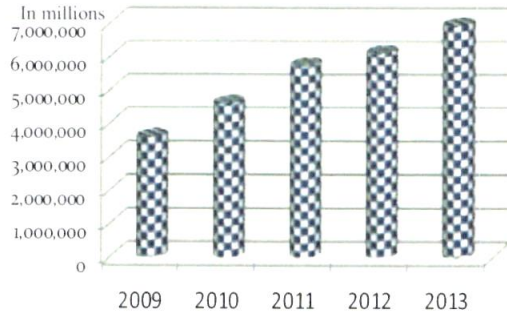
Growth of Revenue - 2009-2013

In millions

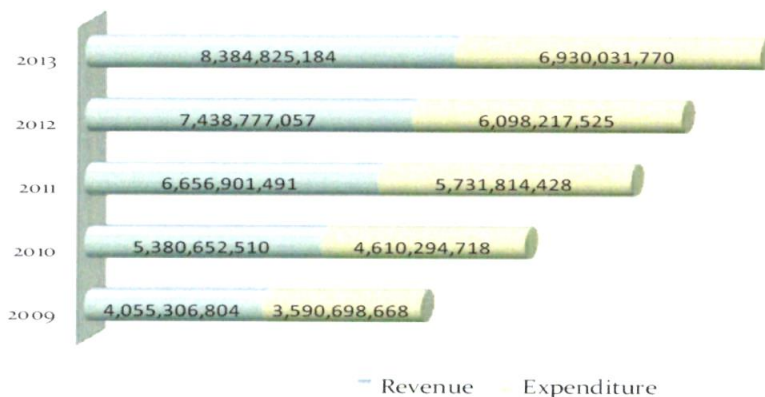


Changes in Expenditure - 2009-2013

In millions



Revenue and Expenditure Trend - 2009-2013

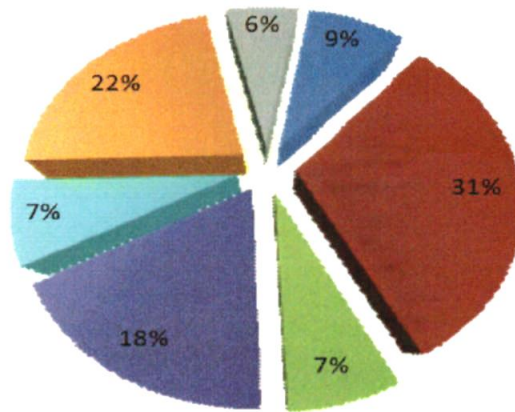


Revenue Expenditure



Financial highlights

Income Generating Units per Source 2012/2013



■ KU-RCA ■ Catering ■ Cyber Café ■ KU Conference Centre ■ KU Funeral Home ■ NCBH ■ Others

Growth of Non-current Assets - 5 Year Trend



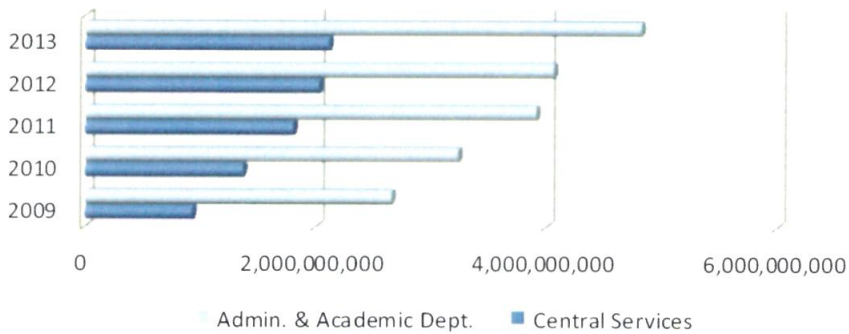


Financial highlights

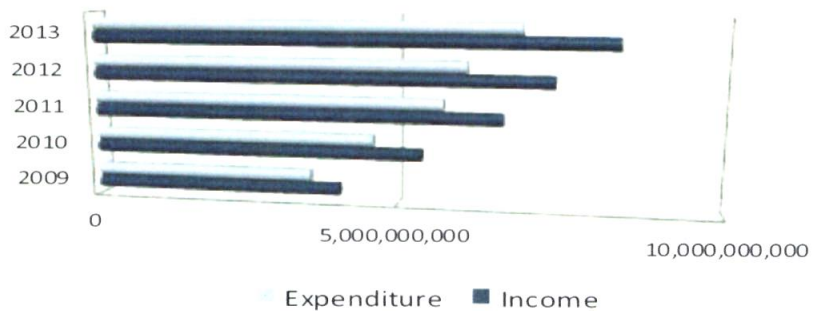
Income by Source - 5 Year Trend



Composition of Expenditure - 5 Year Trend



Income/Expenditure Comparison - 5 Year Trend





Statement of Financial Position as at 30th June 2013

	<u>NOTES</u>	<u>2013</u> <u>KShs.</u>	<u>2012</u> <u>KShs.</u>
ASSETS			
NON - CURRENT ASSETS			
Property, Plant and Equipment	9	8,400,281,935	7,859,788,860
		<u>8,400,281,935</u>	<u>7,859,788,860</u>
CURRENT ASSETS			
Inventories	11	58,837,907	80,467,868
Trade and Other Receivables	14	386,938,961	225,033,293
Short Term Deposits	12	560,779,925	402,107,360
Cash and Bank Balances	13	770,085,569	341,433,332
		<u>1,776,642,362</u>	<u>1,049,041,853</u>
TOTAL ASSETS		<u>10,176,924,297</u>	<u>8,908,830,713</u>
CAPITAL FUNDS & LIABILITIES			
CAPITAL FUNDS			
Capital Fund	10	1,944,184,486	1,866,747,983
Revenue Reserve	10	6,973,666,399	5,516,695,938
Revaluation Reserve	10	28,721,234	28,721,234
		<u>8,946,572,119</u>	<u>7,412,165,155</u>
CURRENT LIABILITIES			
Trade and Other Payables	15	582,055,020	871,948,214
Bank Overdraft	13	53,554,520	
		<u>635,609,540</u>	<u>871,948,214</u>
LONG TERM LIABILITIES			
Bank Loan	16	594,742,638	624,717,344
		<u>594,742,638</u>	<u>624,717,344</u>
TOTAL FUNDS & LIABILITIES		<u>10,176,924,297</u>	<u>8,908,830,713</u>

PROF. OLIVE M. MUGENDA Ph.D., C.B.S., *Olive M. Mugenda*

DATE: 15.5.14

VICE-CHANCELLOR

PROF. KEREN MBURUGU, Ph.D., *Keren Mburugu*

DATE: 15.5.14

AG. DEPUTY VICE CHANCELLOR (F, P, & D)

JOSEPH I. GITAHI, M.Sc., CPA (K) *Joseph I. Gitahi*

DATE: 15th of May 2014

CHIEF FINANCE OFFICER



Statement Of Comprehensive Income For The Year Ended 30th June 2013

	<u>NOTES</u>	2013 KShs.	2012 KShs.
INCOME			
Government Grant	4	3,384,100,500	2,903,500,000
Tuition & Other Fees	5	4,608,482,005	4,202,438,506
IGA & Other Incomes	6	404,841,987	332,838,552
		8,397,424,491	7,438,777,057
EXPENDITURE			
Central Services	7	2,117,306,085	2,029,791,455
Administrative & Academic	8	4,823,147,946	4,068,426,069
		6,940,454,030	6,098,217,525
SURPLUS		1,456,970,461	1,340,559,532



Food Outlets provide quality fast food to the KU community



Statement of Cash Flow as at 30th June 2013

Cash flow from operating expenses	<u>NOTES</u>	2013 KShs.	2012 KShs.
Surplus		1,456,970,461	1,340,559,532
Adjustment for:			
Depreciation	9	292,965,913	283,917,214
Bad & Doubtful Debts Main Campus	7	17,989,519	2,382,012
Bank Loan Interest	7	134,188,469	130,253,401
Interest Received	6	(11,582,879)	(21,556,462)
		<u>1,890,531,483</u>	<u>1,735,555,697</u>
Change in Inventories	11	21,629,961	(26,387,505)
Change in Debtors & Receivables	14	(179,895,187)	(23,820,122)
Change in Trade & Other Payables	15	(289,893,193)	1,876,205
Cash from Operating Activities		<u>(448,158,419)</u>	<u>(48,331,422)</u>
Net Cash from Operating Activities		<u>1,442,373,064</u>	<u>1,687,224,275</u>
Investing Activities			
Property, Plant and Equipment	9	(833,458,989)	(994,379,494)
Interest Income Received	6	11,582,879	21,556,462
		<u>(821,876,110)</u>	<u>(972,823,032)</u>
Financing Activities			
Bank Loan Repaid	16	(29,974,706)	(63,654,197)
Bank Loan Interest Paid	7	(134,188,469)	(130,253,401)
Capital Grants (GOK)	10	64,936,503	40,000,000
Capital Grants (Others)	10	12,500,000	12,500,000
		<u>(86,726,672)</u>	<u>(141,407,598)</u>
Net Increase in Cash & Cash Equivalents		533,770,282	572,993,646
Net Cash & Cash Equivalents - Brought Forward		743,540,693	170,547,047
		<u>1,277,310,975</u>	<u>743,540,693</u>
Analysis of Cash & Cash Equivalents			
Cash and Bank Balances	13	770,085,569	341,433,332
Short Term Deposits	12	560,779,925	402,107,360
Bank Overdraft	13	(53,554,520)	-
		<u>1,277,310,975</u>	<u>743,540,693</u>



Statement Of Changes in Equity for the Year Ended 30th June 2013

	Capital Fund	Revaluation Reserve	Revenue Reserve	Total
Balance as at 1st July 2011	1,814,247,983	28,721,234	4,176,136,406	6,019,105,623
Government Capital Grants	40,000,000	-	-	40,000,000
Other Capital grants	12,500,000			12,500,000
Surplus for the Year	-	-	1,340,559,532	1,340,559,532
Balance as at 30th June 2012	1,866,747,983	28,721,234	5,516,695,938	7,412,165,155
Balance as at 1st July 2012	1,866,747,983	28,721,234	5,516,695,938	7,412,165,155
Government Capital Grants	64,936,503	-	-	64,936,503
Other Capital Grants	12,500,000			12,500,000
Surplus for the year	-	-	1,456,970,461	1,456,970,461
Balance as at 30th June 2013	1,944,184,486	28,721,234	6,973,666,399	8,946,572,119



Kenya University free medical checkup is part of our corporate responsibility program



Notes to the Accounts for the Year Ended 30th June 2013

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared in accordance with the International Financial Reporting Standards promulgated by the International Standards Board. The Financial Statements are prepared under historical cost convention to include revaluation of certain assets.

(b) Fees Income,

Fees revenue is recognized as and when received and balance accrued at the end of the year.

(c) Property, Equipment, and Depreciation

Property and equipment are stated at cost or valuation less accumulated depreciation.

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

The annual rates in use are:

Furniture and Equipment	-	10%
Motor Vehicles	-	25%
Academic Gowns	-	5%
Buildings	-	2%
Computers	-	30%
Patent & Rights	-	20%

(d) Stocks

Stocks are stated at lower cost and net realizable value.

The cost of library books is written off to expenditure as incurred.

(e) Retirement Benefits

The university operates a defined contribution benefits scheme, Kenyatta University Pensions Fund, for its employees.

(f) Assets and liabilities held in foreign currencies

Assets and liabilities in foreign currencies are converted into Kenya shillings at the rate of exchange ruling at the transaction date.

(g) Grants and donations

Values for grants and donations related to property, equipment and other assets are estimated by the University or as advised by donors.

(h) Bad and doubtful debts

Provision of 10% is made on total debts as bad and doubtful of recovery.

NOTE 2: PRINCIPAL ACTIVITY

The principal activities of the institution remain those of Teaching, Research and dissemination of knowledge.

NOTE 3: EQUITY BANK LOAN

This is a long term loan repayable for a period of ten years at an interest rate of 10% per annum calculated on a reducing balance.



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 4: Government Grants

	2013	2012
	KShs.	KShs.
Recurrent Grants	3,384,100,500	2,903,500,000
	3,384,100,500	2,903,500,000

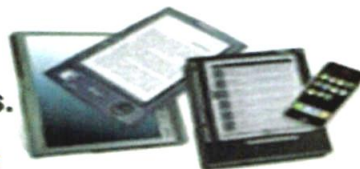
NOTE 5: Tuition Fees

	2013	2012
	KShs.	KShs.
Tuition Fees JAB	578,562,500	446,031,747
Tuition Fees SSP	2,243,614,569	2,216,792,148
Tuition Fees ICE	690,736,099	544,045,806
Tuition Fees Open Learning	264,684,399	195,242,866
Activity Fees	50,183,500	46,669,000
Examination Fees	180,917,500	174,366,000
Library Fees	30,275,250	20,517,000
Registration Fees	65,550,500	61,551,000
Identity Card	9,424,600	8,206,800
Medical Fees	85,734,000	81,884,476
Material Development Fee	141,182,100	135,412,200
Accommodation Fees JAB	62,622,600	54,641,670
Accommodation Fees SSP	14,605,513	14,185,000
Accommodation Fees ICE.	17,193,400	22,339,100
Tuition Fee - Chinese Language	4,461,475	16,417,692
Computer Fees	168,734,000	164,136,000
	4,608,482,005	4,202,438,506



E-BOOKS
Kenyatta University
subscribed E-Book sites.

CLICK HERE



KU Post Modern Library introduced e-books to encourage reading



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 6: IGA and Other Income

	2013	2012
	KShs.	KShs.
a) IGA Income		
Regional Centre for Capacity Development	33,872,835	37,318,130
Catering	123,600,059	142,314,750
Cyber Café	27,252,598	30,373,492
KU Conference Centre	70,187,632	71,429,786
KU Funeral Home	29,876,758	22,271,290
North Coast Beach Hotel	87,085,404	122,227,455
Other IGAs	24,952,654	18,985,579
	<u>396,827,940</u>	<u>444,920,482</u>
IGA Expenditure		
Regional Centre for Capacity Development	1,304,666	11,199,627
Catering	167,672,301	205,903,029
Cyber Café	23,460,425	24,449,232
KU Conference Centre	19,204,523	17,971,750
KU Funeral Home	1,994,095	1,240,533
North Coast Beach Hotel	97,726,850	109,987,030
Other IGAs	8,137,990	918,349
	<u>319,500,849</u>	<u>371,669,550</u>
Surplus	<u>77,327,091</u>	<u>73,250,932</u>



Kenya University Funeral Home—a KU income generating project



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 6 (Conts.)

	2013 KShs.	2012 KShs.
b) Other Income		
East Africa Games	11,642	184,540
KU Radio Service Income	1,286,747	
Affiliation Fees	329,260	34,265
KU Referral Hospital	52,884,857	
Conferences & Seminars fees	715,850	
Sale of Petrol	13,361,207	16,286,713
Hire of Hall & Conference Facilities	266,476	1,438,584
Convocation Fees	19,377,190	10,156,475
Hire of Gowns	278,550	424,200
Tack Shop		816,254
Surcharge & Fines	24,949	159,225
Donations		8,236,552
Commission	5,623,354	6,294,999
Interest Income	11,582,879	21,556,462
Sale Of Application Forms	36,063,913	28,845,738
Miscellaneous Income	55,723,213	36,035,417
Rent/Lease income	97,248,551	105,133,318
Health Unit	1,440,517	1,621,164
Sale Of Obsolete Items	580,863	356,535
Security Staff Charge	892,700	913,100
Dustbin Staff Charge	4,434	4,731
Sale of Tender Documents	2,555,136	1,736,735
University Bookshop Income	11,493,442	12,246,552
Culture week Income	555,700	560,354
Administrative Research Fees	15,213,466	6,530,707
Disability Day Income		15,000
	327,514,896	259,587,620
Grand Total	404,841,987	332,838,552



Prof. Mugenda, Vice-Chancellor, opened the new gate of KU Ruiru Campus. The gate will enhance security on and around the Campus.



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 7: Central Services

	2013	2012
	KShs.	KShs.
Advertising and Publicity	137,064,809	123,556,412
Inaugural & Public Lectures	271,900	251,180
Newspapers Magazines & Publications	6,919,642	6,769,795
Journal & Periodicals		801,297
Culture Week Expenses	5,897,387	6,383,937
Drugs Health Unit	29,213,419	23,319,912
Drugs Nairobi Hospital	20,189,598	19,780,830
Medical Reimbursement	8,879,163	9,056,689
Medical Insurance Inpatient Grades A and above	71,356,444	66,250,217
Hospitalization Grades I IV	32,158	71,560
Medical Referrals	18,852,794	12,714,968
Telephone And Postage	13,407,772	17,036,022
Electricity Expenses	160,861,785	168,636,575
Sanitary Services	7,395,821	7,513,857
Water Reticulation & Sewerage	61,714,673	51,837,125
Land Rent & Rates	1,290,497	2,250,394
Fumigation	14,070,751	8,052,335
Council Expenses	1,473,655	1,797,629
Public Celebrations	5,207,347	11,873,397
Bursary	50,000	44,300
Graduation Expenses	13,090,523	13,453,753
External Examiners Expenses	3,587,931	5,839,878
Interuniversity's VCs Meetings	362,666	
Staff Development & Training	3,719,794	1,896,920
Funeral Expenses	954,481	2,146,940
Insurance Premiums	33,787,318	54,771,728
Bank Charges	20,313,759	23,656,181
Provision for Bad & Doubtful Debts	17,989,519	2,382,012
Audit Fees		1,535,750
Professional Contracted Services	43,880,202	25,172,912
Ex gratia Payments	2,356,293	2,922,144
Fees Commission Awards & Honoraria	11,298,139	4,332,472
Rental/Hire Of Premises Expenses	15,051,689	7,107,394
Maintenance of Furniture & Equipment	23,481,997	12,396,751
Maintenance of Swimming Pool	1,626,856	1,798,893
Maintenance of Motor Vehicle	9,840,754	11,044,185
Minor Works & Alterations	35,636,121	34,839,660
Maintenance Of Hostels	13,511,151	399,970
Maintenance Of Residential Quarters	570,685	435,943
	815,209,491	744,131,916



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 7: Central Services (Conts.)

	2013	2012
	KShs.	KShs.
Maintenance Of Grounds & Roads Main Campus	2,825,852	4,034,128
Maintenance Of Building & Stations Main Campus	413,090,563	384,848,845
Maintenance of sewerage Main Campus		980,537
Maintenance Ruiru Campus	1,629,155	415,900
Maintenance Parklands Campus		317,467
Maintenance Mombasa Campus	121,155	682,567
Maintenance Kitui Campus		5,271,848
Medical Expenses Students	2,136,576	2,302,841
Bank Loan Interest	134,188,469	130,253,401
Hire of Parking Bays	360,000	1,200,000
Computerization & Networking	22,308,895	66,431,293
Motor Vehicle Fuel	45,618,754	43,280,258
Archive & Photography	75,000	
Senate Affairs	3,534,746	555,310
Games & Tournament Other Campuses	727,094	3,044,388
Games & Tournaments Main Campus	8,330,883	4,531,361
E. A. University Games	4,187,751	
Vice Chancellor's Committees	8,745,813	5,255,990
Endowment Fund		106,120
Foreign Expenses	2,023,204	12,950,072
ISO Certification	3,012,893	3,629,758
Management Board Expenses	2,041,490	545,800
Hire Of Security	55,624,751	47,423,652
Hire of Sport Facilities	493,000	188,000
Clearing & Forwarding	17,226,327	28,820,064
Performance Contract	2,716,025	3,339,251
Board Room Supplies	462,373	305,961
Internet Connectivity	34,632,526	45,171,508
Sports Uniform	234,700	
Lights & Electrical Accessories	7,075,480	
Career Week	4,459,780	2,443,110
Library Journals	10,852,019	1,977,692
Interuniversity Games	262,050	1,933,750
Gym Maintenance	147,400	110,517
Sports Grounds Maintenance	51,000	
Academic Dress	3,933,500	906,200
Rented Accommodation		189,151
Professional Boards Registration	415,000	340,000
Mentoring	2,191,075	1,110,882
KU Disability Service Office	475,240	303,184
Hire of Tents	1,076,876	3,999,766
Students Shuttle Services	8,474,500	13,735,259
Needy Students KUSA Support	299,500	99,600
KU US Foundation	2,794,832	8,286,326
Casual Task Force Off. Expenses	24,000	38,361
Invigilation Expenses	4,866,988	900,750
Centre of Capacity Training Expenses	1,792,900	2,762,800
Conference Seminars & Workshops	9,250,523	10,476,157
External Travel & Accommodation	30,301,410	24,941,655
Local Passage And Baggage	1,723,504	1,414,272
Subscriptions	11,017,195	11,170,209
JAB Expenses	256,500	541,005
Postgraduate Stipend Expenses	3,095,267	8,595,484
	871,184,532	892,162,452



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 7: Central Services (Conts.)

	2013	2012
	KShs.	KShs.
VC's Research Grants	5,108,600	833,131
Admission Expenses	9,693,331	4,401,049
Teaching Practice	29,420,254	23,960,000
Library Books & Journals	3,925,795	27,024,826
Library Stationery		252,150
Student Amenities	1,742,245	1,062,550
Practicum	16,540,221	9,418,539
Facilitation Of New Campuses	43,200	
Public Complain Office		2,000
University Staff Student Education Support	8,717,301	5,903,247
Peer Counseling	3,374,440	2,477,063
Printing University Calendars Magazines	10,545,464	6,566,176
Community Outreach Expenses	4,527,915	
KUSA Expenses	1,902,353	
Summer Programme	10,058,920	2,947,065
Confucius Institute		6,878,360
Kenya Military Collaboration	12,265,550	8,135,232
Short term courses /training	5,138,485	3,512,859
VAT/Tax Payment (Comcraft)	8,318,603	5,392,027
Wellness Centre Conferences and Seminars	121,510	432,100
Farm Expenses Kitui		381,500
KU Souvenir Shop	373,500	
Incubation Centre Mentoring Activities	566,224	
Daadab Campus Establishment	3,509,837	
Honours Day Awards & Celebrations	1,397,000	
AIDS/HIV Awareness Activities	655,400	
Depreciation Of Buildings	133,617,067	132,356,528
Depreciation Of Motor Vehicles	34,966,347	40,688,940
Depreciation Of Computer Hardware	21,255,004	18,188,649
Depreciation Of Furniture & Fittings	102,799,906	92,355,509
Depreciation Of Academic Gowns	327,589	327,588
	430,912,062	393,497,088
Total	2,117,306,085	2,029,791,456



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 8:Administrative & Academic Departments

	2013	2012
	KShs.	KShs.
Basic Pay	1,643,399,406	1,379,494,995
House Allowance	962,095,212	901,106,462
Entertainment Allowance	16,852,376	15,926,491
Headship/Directorship Allowance	44,731,944	33,655,430
Responsibility	26,812,172	41,950,943
Car Allowance	10,288,680	10,195,571
Domestic Servant Allowance Office	2,128,130	1,935,280
Commuting & Bus fare	222,325,700	162,393,269
Leave Travelling Allowance	35,808,228	33,841,578
Gratuity	87,254,917	70,768,830
Wages	480,155,245	320,114,653
Part Time Teaching	488,217,403	383,046,000
Passage & Baggage	966,703	869,738
NSSF Employer Contributions	1,503,599	33,624,028
Telephone Allowance	21,300,542	17,547,709
Book & Computer Allowance	5,266,000	3,506,000
Exam Coordination Allowance	12,055,374	11,930,208
Acting Allowance	50,936,536	2,733,144
Electricity & water Allowance	3,406,456	3,138,782
Overtime	26,746,040	45,338,861
Pensions Employer Contribution	242,352,013	186,705,908
Health Risk Allowance	9,063,736	11,002,405
Special Readers Allowance Special Education	132,000	120,000
Terminal Benefits	12,675,206	21,383,313
Sitting Allowance	14,039,500	16,601,682
Total	4,420,513,117	3,708,931,279



KU Kericho Campus is a popular place to study



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 8: Administrative & Academic Departments (Conts.)

	2013	2012
	KShs.	KShs.
Stationery	103,365,476	99,331,383
Staff Uniforms	7,050,132	6,112,204
Photocopying & Printing	63,008,905	33,068,194
Cleaning Materials	29,027,841	32,905,061
Office Tea Expenses Office	4,361,176	4,145,477
Departmental Meetings	23,024,892	36,822,324
Other Office Consumables	30,579,394	23,010,537
General Office Equipment Office	8,257,565	8,280,424
Teaching Materials/Chemicals	6,500,612	16,233,205
Field Courses	27,511,713	23,592,061
Laboratory Glassware	1,270,480	
Tools & Apparatus	10,600	374,495
Cutlery & Crockery	144,600	
Animal Feeds Sciences	495,004	493,107
Food Purchases	52,963	313,135
Travelling & Accommodation	30,803,300	38,868,754
Fuel & Gases	2,373,537	1,953,114
Purchase of Bicycle		71,180
Journals	94,500	
Regional Expenses Open Learning	6,537,043	7,863,730
Writing Vetting & Production Of Modules Odel	23,467,980	11,551,524
Rent for Regional Centres Odel	9,140,578	7,878,896
Examination Stationery	18,341,997	967,435
Research and Travel Grants	7,214,541	5,658,550
	402,634,828	359,494,790
Total	4,823,147,946	4,068,426,069



KU Mombasa Hostels, under construction will provide quality accommodation



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

Note 9: Property, Plant and Equipment	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE & EQUIPMENT	COMPUTERS & SOFTWARE	PATENT & RIGHTS	ACADEMIC GOWN	CAPITAL WORK IN PROGRESS	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
DEPRECIATION RATES (COST/VALUATION)	0%	2%	25%	10%	30%	20%	5%		
As at 1st July 2012	1,001,010,180	6,617,826,408	295,723,777	923,555,089	122,864,082	7,830,375	6,551,780	752,280,433	9,727,642,123
Additions	880,000	63,026,934	9,156,056	104,443,968	46,891,337			609,060,694	833,458,989
As at 30th June 2013	1,001,890,180	6,680,853,342	304,879,832	1,027,999,057	169,755,419	7,830,375	6,551,780	1,361,341,127	10,561,101,112
PROVISION FOR DEPRECIATION									
As at 1st July 2012	-	861,803,601	270,799,799	606,595,173	116,397,773	7,830,375	4,426,545		1,867,853,264
Charge for the Year	-	133,617,067	34,966,347.43	102,799,906	21,255,004		327,589		292,965,913
As at 30th June 2013	-	995,420,668	305,766,146	709,395,079	137,652,777	7,830,375	4,754,134		2,160,819,178
NET BOOK VALUE AS AT:									
As at 30th June 2013	1,001,890,180	5,685,432,674	(886,314)	318,603,978	32,102,642	-	1,797,646	1,361,341,127	8,400,281,934
As at 30th June 2012	1,001,010,180	5,756,022,807	24,923,978	316,959,916	6,466,309	-	2,125,236	752,280,433	7,859,788,859



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 10: Capital Fund

	2013 KShs.	2012 KShs.
Balance as at 1st July 2012	1,866,747,983	1,814,247,983
Government Capital Grants	64,936,503	40,000,000
Other Capital Grants	12,500,000	12,500,000
Balance as at 30th June 2013	1,944,184,486	1,866,747,983
	2013 KShs.	2012 KShs.
Revenue Reserve		
Balance as at 1st July 2012	5,516,695,938	4,176,136,406
Surplus for the Year	1,456,970,461	1,340,559,532
Revenue Reserve	6,973,666,399	5,516,695,938
Revaluation Reserve	28,721,234	28,721,234



View from the Rooftop Bar, North Coast Beach Hotel



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 11: Inventories

	2013 KShs.	2012 KShs.
Finance Store Stationery		-
Maintenance Store	17,515,849	44,558,168
Health Drugs Store	8,298,336	3,244,065
Petrol Stock	4,533,022	1,855,370
Food Stuff	1,794,962	7,832,913
Finance Store General	4,833,630	4,851,377
Accommodation	669,623	689,571
Culture Village Store		1,198,380
Ruiru Campus Maintenance Store	4,927,548	2,522,456
Bookshop Store	16,264,937	13,715,568
	58,837,907	80,467,868

NOTE 12: Short Term Deposits

	2013 KShs.	2012 KShs.
National Bank Of Kenya	100,000,000	104,438,356
Co-operative Bank	32,785,775	31,257,534
NBK Ruiru	22,666,718	22,666,718
NBK Kenyatta Avenue	-	15,824,565
Equity Bank	405,327,433	227,920,186
	560,779,925	402,107,359



Prof. Mugenda , with members of MB, opened the new Economics Building



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 14: Trade & Other Receivables

		2013	2012
		KShs.	KShs.
M21003	Guarantee Deposits	16,339,962	16,339,962
M21006	Staff Debtors	6,919,895	7,293,020
M21007	Student Fees Arrears	38,166,058	64,825,141
M21008	Sundry Debtors	286,006,039	55,490,186
M21010	Imprest Control	18,434,291	29,176,320
M21012	Imprest Research	22,827,423	38,238,975
M21021	Staff Welfare Recoveries	218,600	89,570
M21027	Debtors-NCBH	41,019,912	38,583,818
	Total	429,932,179	250,036,992
B11014	Provision For Bad Debts	(42,993,218)	(25,003,699)
		386,938,961	225,033,293



The Vice-Chancellor and Chairman of the Council launched the KU Alumni Visa card



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

NOTE 15: Trade and Other Payables	2013 KShs.	2012 KShs.
Provision For Audit Fees	1,500,000	1,500,000
Pay As You Earn	-	53,367,098
NHIF	869,760	859,360
NSSF	-	1,764,501
Pension	-	23,509,707
Students Caution Money	115,412,000	186,676,000
Vat	1,151,600	2,618,524
Court Attachments	49,400	21,601
Fees Paid In Advance	35,683,788	82,960,135
Insurance Claim	1,977,926	1,134,302
Withholding Tax	1,206,463	1,423,465
Welfare Deductions	6,209,284	5,526,784
Hire Purchase	55,523	26,026
Insurance Deductions	784,963	4,753,053
Cooperative Deductions Cooperative	498,921	9,545,268
Students Clubs	48,883	422,786
Other Salary Deduction	2,395,143	2,038,610
Staff Loans Deductions	4,267,117	1,042,790
Endowment Fund	60,426,479	60,426,479
Orphans & Vulnerable Students Fund (OVS)	7,135,108	7,329,658
Quality Of Life Study	2,263,000	2,263,000
Alumni Contributions	2,250	2,250
Rent Deposits Nakuru	119,400	119,400
Donations - Centre For Career Dev. & Placement	1,153,800	-
Confucius Institute Fund	14,875,681	19,486,531
Debtors Overpayment	462,248	104,780
Community Outreach		4,108,830
KU Student Laptop		2,120,816
Research Fund	174,258,844	171,648,640
KU Staff Fees Recovery		2,050
Hospitals	3,742,999	3,326,668
Drug Suppliers	1,912,688	4,116,808
Referral Doctors	3,081,548	2,458,811
General Creditors	140,510,205	215,243,485
Sub-Total	582,055,020	871,948,214



Notes to the Accounts for the Year Ended 30th June 2013 (continued)

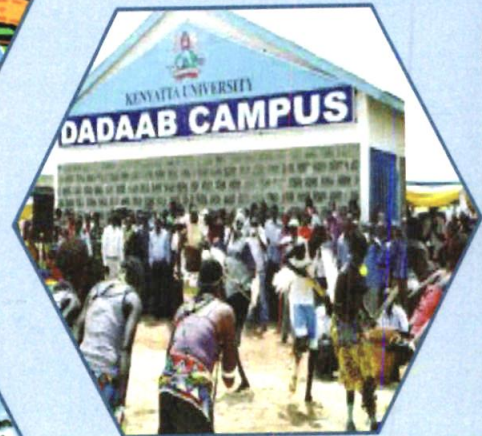
NOTE 16: Long Term Liabilities

	2013 KShs.	2012 KShs.
Equity Bank (MSA Campus) Loan 2007 B/F 1.7.2012	-	28,960,766
Repayment	-	(28,960,766)
	-	-
Equity Bank (City Campus) Loan 2010	624,717,344	659,410,775
Repayment	(29,974,706)	(34,693,431)
	594,742,638	624,717,344
Loan Balance	594,742,638	624,717,344



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