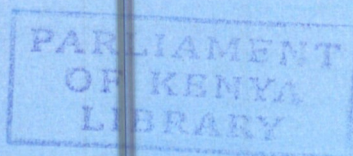


REPUBLIC OF KENYA



*Laid at the table  
of the House on  
10.10.2017 by  
LOM*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KISII UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE 2016**



# KISII UNIVERSITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2016**

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT.**

### **(a) Back ground Information**

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012.

### **(b) Principal Activity**

(i) The University's core activity is to provide University Education and conduct research.

#### **(ii) Vision**

To be a World Class University in advancement of Academic Excellence, Research and Social Welfare.

#### **(iii) Mission**

To train high level human resource that meets the development needs of the country and International Labour Market, sustain production of quality and relevant research and consultancy; disseminate knowledge, skills, values and competencies for the advancement of humanity.

#### **(iv) Community Service**

To provide community service to the public.

### **(c) Registered Office and Principal Place Of Business**

Kisii University  
Along Kisii-Kilgoris Road  
P.O. Box 408 - 40200  
KISII, Kenya.

**(d) University Contacts**

Kisii University  
P.O. Box 408- 40200  
**KISII**, Kenya.  
Tel.058-30826  
Website: [www.kisiiuniversity.ac.ke](http://www.kisiiuniversity.ac.ke)  
Email: [info@kisiiuniversity.ac.ke](mailto:info@kisiiuniversity.ac.ke)

**(e) University Bankers**

- (i) National Bank of Kenya  
P.O. Box 4566-40200  
**KISII.**
- (ii) Kenya Commercial Bank  
P.O. Box 3684-40200  
**KISII.**
- (iii) Co-operative Bank of Kenya  
P.O. Box 3689-40200  
**KISII.**

**(f) Independent Auditors**

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

**(g) Lawyers/Advocates**

A.K. Nyairo Advocates  
P.O. Box 30100  
**ELDORET.**

## **II. CORE BUSINESS OF THE UNIVERSITY.**

The Core business of the University as provided by Kisii University Charter and the University's Act No 42 of 2012 include:

- Provision directly or in collaboration with other institutions of higher learning, facilities for University Education (including technological, scientific and professional education), the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya and beyond.
- Participation in technological innovation as well as in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual life in economic, social, cultural, scientific and technological development in Kenya;
- Provision and advancement of University education and training of appropriately qualified candidates leading to conferment of degrees and award of diplomas, certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing contribute to human resource needs;
- Conducting the examinations for such academic awards as may be provided in the statutes pertaining to the University, examining and making proposals for new Faculties, Schools, Institutes, Departments, Resources and Research centres, degree courses and subjects of study;
- Contributing to industrial and technological development of society in collaboration with industry and other organisations;
- Inculcating a culture of innovation in science, technology and engineering amongst staff, students and society.

### III. UNIVERSITY COUNCIL MEMBERS.



**Name;** Dr. Eng. Sebastian Mwarania PhD  
**Position;** Chairperson  
**Date of Birth;** Aug 1954  
**Academic qualifications;** PhD. Entrepreneurship 2011



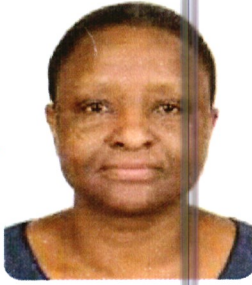
**Name;** Prof. John S. Akama PhD  
**Position;** Vice chancellor  
**Date of Birth;** Sep 1959  
**Academic Qualification;** Doctor of Philosophy (Geography)



**Name ;** Ms. Sonje Angeline Wawuda  
**Position;** member  
**Date of Birth;** Sept 1981  
**Academic Qualification;** Masters of Arts in International Relations 2009



**Name;** Mr. Abdulhamid A. Saleh Said  
**Position;** Member  
**Date of birth;** April 1964  
**Academic Qualification;** Master's Degree in Agricultural Economics 1993  
Master's Degree in Public Health 2007



**Name;** Prof. Mary Getui, PhD, MBS  
**Position;** Member  
**Date of birth;** June 1959  
**Academic Qualification;** PhD Religious Education 1994



**Name;** Mr. Joseph Kesa (HSC)  
**Position;** Member  
**Date of birth;** Nov 1949  
**Academic Qualification;** Master's Degree in Science Agricultural Economics 1980



**Name;** Mrs. Margaret W. Onyimbo  
REP.PS. National Treasury  
**Position;** Member  
**Date of Birth;** June 1956  
**Academic Qualification;** Bachelor of Arts Degree (Sociology Government)



**Name;** Mr. Milton K. Njuki  
REPS.PS. Ministry of Education Science & Technology  
**Position;** Member  
**Date of Birth;** April 1973  
**Academic Qualification;** Masters Degree in Business Administration

#### **IV. UNIVERSITY MANAGEMENT TEAM.**



**Name;** Prof John S. Akama(**PhD**)  
**Position;** Vice chancellor  
**Date of Birth;** Sep 1959  
**Academic Qualification;** Doctor of Philosophy (Geography)



**Name ;** Prof. Joseph T. Mailutha(**PhD**)  
**Position;** D.V.C (Administration, Planning And Finance)  
**Date of birth;** 1954  
**Academic Qualification;** Doctor of Philosophy Agricultural Engineering  
1998



**Name ;** Prof. Anakalo Shitandi (**PhD**)  
**Position;** Registrar Research and Extension  
**Date of Birth;** 1963  
**Academic Qualification;** Doctor of Philosophy in Food Science  
(Microbiology)



**Name ; Prof. Philip O. Owino (PhD)**

**Position;** Registrar Academic Affairs

**Date of Birth;** Sept 1960

**Academic Qualification;** Doctor of Philosophy, Master of Science.



**Name ;** Mr. Christopher Nyenze

**Position;** Registrar Administration

**Date of Birth;** 1956

**Academic Qualification;** MBA (Strategic Management)



**Name;** Charles M. Mwangi

**Position;** Finance officer

**Date of Birth;**1984

**Academic Qualification;** MBA (Finance), C.P.A(K),  
B.B.M(Accounting),C.S(Finalist).

**V. STATEMENT FROM THE CHAIRMAN OF THE COUNCIL.**



**Dr. Eng. Sebastian  
Mwarania PhD**

The University Council was constituted by His Excellency the President of the Republic of Kenya on 4<sup>th</sup> February 2013. The mandate of the Council amongst other responsibilities is to give policy guidelines in order to ensure the smooth operations of University activities.

It is my pleasure to note that the staff members of this University, under the able leadership of the Vice Chancellor, had worked hard during the last financial year towards attaining this objective.

During this period the University has been able to recruit teaching staff from as low as 7 staff members about five years ago to the current number of 242. The student population has also increased from 300 in the year 2007/2008 financial year to 15,000 during the financial year 2015/2016.

Finally, I wish to thank the Government of the Republic of Kenya for the financial support and other procedural guidelines extended to the University. Through this support, the University has been able to construct and complete an ultra Modern Library with sitting capacity of about 3,500 students, two hostels with a capacity of 400 students, five classrooms and one administration block in addition to the other projects which are under construction namely lecture theatres, ICT centre, and Hostels.

Through this government support one block of Hostels project has been completed and is ready for occupation.

A handwritten signature in black ink, appearing to be 'S. Mwarania', written in a cursive style.

**Dr. Eng. Sebastian Mwarania (PhD)**

## **VI. STATEMENT FROM THE VICE CHANCELLOR.**



**Prof. John S. Akama Phd**

I have the pleasure to present the Annual Report and Financial Statements of Kisii University for the year ended 30<sup>th</sup> June, 2016.

During the year under review the University realized a surplus of Kshs.22,241,000 compared to a surplus of Kshs.26,489,000 for the year ended 30<sup>th</sup> June, 2015. The reduction in surplus is attributed to use of more funds in meeting the various requirements by the Commission for University Education. However tuition fee collected increased from Kshs.1,476,792,000 in the year 2014/2015 to Kshs.2,194,536,000 during the year 2015/2016.

The University continued with its core business of teaching, training and research. The student's total population rose from 12,000 during the financial year 2014/2015 to 15,000 during the year under review.

On behalf of Kisii University I wish to take this opportunity to thank the National Government for financial support accorded to the University.

Finally, I would like to express my thanks to the University Council for providing policy guidelines and the entire University community for working tirelessly to ensure successful and smooth operations of the University.

A handwritten signature in black ink, appearing to be 'John S. Akama', written in a cursive style.

**Prof. John S. Akama (PhD)  
Vice Chancellor**

## **VII. CORPORATE GOVERNANCE STATEMENT.**

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012. The University's core activity is to provide University education and conduct research. The University vision is to be a World Class University in Advancement of Academic Excellence, Research and Social Welfare.

### **1. Current constitution and appointment of the University council.**

The current membership of the University Council is as follows:

- a) Chairman- The Chairman is appointed by the Cabinet Secretary Ministry for Education,
- b) Two Members- one person representing the P.S National Treasury and the other one representing the P.S Ministry of Education,
- c) Four other members appointed by the Cabinet Secretary, Ministry of Education,
- d) Vice Chancellor, who is the Secretary to the Council.

### **2. Responsibility of the University Council.**

The University Council is ultimately responsible for:

- a) The Mission and the Vision of the University;
- b) Promoting the aims and objectives of the university;
- c) Setting strategic directions for the university;
- d) Oversight of management;
- e) Make and approve statutes for gazettelement in accordance with the provisions of the Act;
- f) The appointment and performance management review of the Vice Chancellor;

- g) Setting and monitoring broad budget and planning framework, ensuring that the University finances are sound, and taking major financial decisions;
- h) Monitoring University performance against strategic objectives;
- i) Setting and clearly examining Council policy and risk management;
- j) Extending links and communication between the University and the wider community;
- k) Legislative roles, including ensuring that the University is acting without ethnic bias and is in conformity with all legal requirements;
- l) Fundraising and resource mobilisation;
- m) Approve budgets of the University;
- n) Council performance and succession planning.

The current University Council was constituted by His Excellency the President on 4th February 2013. The profile of the current University Council members is provided on page (vi).

### **3. Remuneration of the council Members.**

The University Council members other than the Vice Chancellor do not receive a salary. They are however paid a sitting allowance for every meeting attended. The allowances paid to Council members are disclosed in note 7 of the financial statements.

### **4. University Council Meetings.**

The meetings of the University Council are held at least once every quarter in a calendar year. In order to facilitate the smooth running of its affairs, the University Council establishes such committees with membership and with such terms of references as it may deem fit. A calendar of University Council and its committees is prepared before the beginning of each financial year.

## **5. Committees of the University Council.**

The University Council has established the following committees:

### **a) Planning, Finance, Building Development and General purpose committee.**

The committee is responsible for the following:

- Making recommendations to the Council on annual budgets in the light of overall plan, the annual operating budgets from the academic division, other cost centres and other relevant information;
- Reviewing the University's financial strategy for approval by the Council;
- Reviewing the University's annual financial statements and reporting to the Council;
- Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council;
- Reviewing the University's Investment Policy from time to time and reporting to Council;
- Overseeing the University's financial management and financial control systems and making quarterly reports to the Council;
- Such other action on behalf of the University Council in relation to the University's financial business as may be required from time to time.

### **b) Human Resource and Appointment Committee.**

The committee oversees the formulation and subsequent monitoring and review of policies and strategies on employment of all University staff, including policies on recruitment and selection, staff development and training, performance management schemes, salaries and other conditions of service. The committee is responsible for the following matters:

- Reviewing and monitoring the implementation and effectiveness of the University's employment policies through regular reports provided by the Management Board;
- Overseeing the relations between the University and its employees;
- Reviewing and making recommendations to the University Council, on the salaries, allowances and other terms and conditions of service of the Vice Chancellor, the Deputy Vice Chancellors and such other senior officers of the University as the Council may determine from time to time;
- Monitoring key performance indicators as agreed by council;
- Receiving and considering proposals on strategy and policy in all matters relating to the recruitment, reward, retention, motivation, and development of the University's staff and make recommendations to the Council;
- Receiving reports from Management Board relating to promotion.

**c) Audit Governance, Risk Management and Sealing Committee.**

The committee is responsible for the following:

- Providing leadership and advising Council on strategic issues related to risk management, quality management, and compliance with bench mark standards and Statutory Regulations;
- Reviewing and monitoring the effectiveness of the University's risk Management Policies and strategies in mitigating against identified potential risks and in improving management and control;
- Receiving and considering proposals from the internal audit section on the internal audit and compliance work plans, and making recommendations to Council for approval;
- Receiving and considering quarterly internal audit and compliance reports and making recommendations to the Council;

- Receiving and considering annual external audit report submitted by external auditors and making recommendations to the Council;
- Receiving and considering proposals on quality review cycle and internal quality assessment plans from the management board and making recommendations to Council for approval.

The University Council nominates the Chairperson of each committee of the Council. In absence of a substantive chairperson the members present and constituting a quorum may elect a person from among them to chair the meeting. The chairperson of the University Council and the Vice Chancellor are ex-official members of every committee of the Council.

## **6. The Management Board**

Section 24 (1) of Kisii University Charter provides for the formation of the Management Board which shall function as the Executive Board as provided for in the provisions of the act and the statutes. The Management Board members are appointed by the University Council.

The current membership consists of the following:

- a) The Vice Chancellor-who is the chairperson;
- b) Deputy Vice Chancellors;
- c) Registrars; and
- d) The Finance Officer.

The Management Board is responsible for the following:

- a) Overseeing the day to day running of the University;
- b) Efficient management of the human, physical and financial resources of the University;

- c) Coordinating and controlling the development, planning, management, and administration of the University and its resources in accordance with approved policies, rules and regulations;
- d) Submitting proposals to the University Council concerning annual financial statements, development priorities, staff development plans, terms and conditions of service, fund raising strategies, student welfare, public relations policies, academic partnerships and linkages with other institutions, collaboration with industry, as well as any policies and any matters related to the development, management and administration of the University;
- e) Authorising the initiation of legal proceedings on behalf of the University;
- f) Proposing to the University Council rules and regulations for the administration of the University and for the execution of its programmes and plans;
- g) Establishing any University charges and fees ; and
- h) Performing any other duties relating to the management of the University.

## **VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.**

Kisii University was founded for public benefit, to promote education and knowledge, and to provide an institution open to all, irrespective of race, creed or political belief. It is a pioneering institution in making higher education available to women and the less fortunate in society and those unable to pursue traditional forms of study.

The University seeks to replicate this commitment to the academic enterprise and to wider society, through all of its operations and activities. The University endeavours to conduct its business in accordance with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Kisii University Corporate Social Responsibility is centred on three pillars:

- People and Community
- Finance and Economic Activity
- Environmental Sustainability

### **(1) People and Community**

#### **The University as an employer**

Kisii University is committed to being a good employer, and to contribute positively to the local community, the education sector in Kenya and the global community. As an employer the University is committed in ensuring that all staff members are fully supported in their work, have a decent working environment, and are fairly rewarded. The University engages with recognised Trade Unions which represent and protect the interests of its staff. The University offers competitive terms and conditions of service to its directly employed staff. The University also encourages and supports staff to engage in activities which benefit the wider community and society.

## **IX. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES.**

The Public Financial Management Act of 2012, Kisii University Charter of 2013 and the Universities' Act of 2012 Cap 42 require the University Council to prepare Financial Statements of Kisii University which give a True and Fair view of the state of affairs of the University as at the end of the financial year and the operating results of the University for the year. The Council members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council members are also responsible for safeguarding the assets of the University.

The Council members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner provided by the Public Financial Management Act of 2012 and the Universities' Act of 2012 Cap 42.

The Council members are of the opinion that the financial statements give a true and fair view of the state of University's transactions during the financial year ended on 30<sup>th</sup> June 2016, and the University's financial position as at that date.

The Council members further confirm the completeness of the accounting records maintained in the University, which have been relied upon in the preparation of the financial statements, as well as adequate operation systems of internal financial controls.

Nothing has come to the attention of the Council members 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 University's financial statement were approved by the Council and signed on its behalf by:



Dr. Eng. Sebastian Mwarania (PhD)  
**Chairman of the Council**



Prof. John S. Akama (PhD)  
**Vice Chancellor**

In order to achieve this, the University commits to:

- Embedding equality and diversity into all operations
- Allowing staff time for civic and public duties.
- Encouraging payroll donation, fundraising and other charitable activities.
- Ensuring staff can achieve their full potential through training, mentoring, and other staff development activities.
- Achieving the highest practical standards of health and safety for our staff, students, and visitors.

### **Local Community**

Kisii University is a major tenant and employer in the local community with considerable operations in Kisii town. It opens up events and facilities to the public and participates in specific community engagement projects.

In support of the local community Kisii university through the research and extension department is undertaking free training to the farmers on the following projects.

- Training farmers at Nyosia farm on new farming methods through the use of modern technology;
- Offering of artificial insemination to animals of selected farmers;
- Enhancing farmers knowledge and skills on how to generate more farm produce from their farms.
- Currently a training project targeting rabbit farmers is ongoing.

### **Kisii University as an agent of peace and conflict resolution**

Currently the university is offering a course to train key members of the local community on how to manage and maintain peace between various communities living in Kisii.

In addition to this local pastors are also continuously being trained on various leadership skills.

## **Freedom of Expression**

As an academic institution, the University encourages debate and discussion and supports the right of peaceful protest where this does not threaten the health and safety of staff, students or visitors, and does not infringe upon others rights to freedom of expression and association.

### **(2) Finance and Economic activity**

The University recognises the way in which it conducts its activities financially, has a bearing on those with an interest in its work. The University financial regulations follow the laid down Accounting Standards.

### **(3) Environmental Sustainability**

Kisii University recognises environmental sustainability as the greatest challenge of the 21<sup>st</sup> century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. In this respect Kisii University is ;

- a) Partnering with County government of Kisii in keeping the Kisii town clean. This is done by sponsoring students and staff to freely participate in the cleaning programmes.
- b) In order to maintain a healthy environment, Kisii University recently removed asbestos roofing materials and replaced them with eco-friendly iron sheets.



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KISII UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kisii University set out on pages 1 to 24, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

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

#### **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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

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*Report of the Auditor-General on the Financial Statements of Kisii University for the year ended 30 June 2016*

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 management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

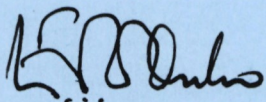
#### **Misstatements in the Financial Statements**

The bank reconciliation statements for sixteen (16) bank accounts reflects direct cash deposits in bank totalling Kshs.18,020,325 that have been excluded as revenue from exchange transactions. This has the effect of understating the reported surplus for the year and overstating receivables by a similar amount.

Under the circumstances, the financial statements are misstated in respect of surplus of Kshs.22,241,000 and the receivables balance of Kshs.405,368,000 as at 30 June 2016 could also not be confirmed.

### **Qualified Opinion**

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kisii University as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012.



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

**NAIROBI**

**26 May 2017**

**X. STATEMENT OF FINANCIAL PERFORMANCE.**  
For the year ended 30<sup>th</sup> June 2016

	Note	2015-2016 Kshs '000	2014-2015 Kshs '000
<b>Revenue from non-exchange transactions</b>			
Exchequer Allocations	3	958,497	819,497
		<b>958,497</b>	<b>819,497</b>
<b>Revenue from exchange transactions</b>			
Tuition Fees	4	2,194,536	1,476,792
Income Generating Units	5	44,032	37,755
		<b>2,238,568</b>	<b>1,514,547</b>
<b>Total revenue</b>		<b><u>3,197,065</u></b>	<b><u>2,334,044</u></b>
<b>Expenses</b>			
Employee costs	6	1,677,809	1,269,872
Council Expenses	7	30,649	13,416
Depreciation Expense	8	28,907	26,281
Contracted services-Part Time Lecturers	9	465,990	517,729
General expenses	10	958,889	471,677
Provision For Audit Fees	11	580	580
Provision For Service Gratuity	11	12,000	8,000
<b>Total expenses</b>		<b><u>3,174,824</u></b>	<b><u>2,307,555</u></b>
<b>Surplus for the period</b>		<b><u>22,241</u></b>	<b><u>26,489</u></b>

**XI. STATEMENT OF FINANCIAL POSITION**As at 30<sup>th</sup> June 2016

	Note	2015-2016	2014-2015
		Ksh '000	Ksh '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	2,239,305	2,164,714
Biological assets	17	835	765
		<b>2,240,140</b>	<b>2,165,479</b>
<b>Current assets</b>			
Cash and cash equivalents	12	392,017	64,657
Receivables from exchange and non-exchange transactions	13	405,368	624,036
Inventories	14	11,237	8,847
		<b>808,622</b>	<b>697,540</b>
<b>Total assets</b>		<b>3,048,762</b>	<b>2,863,019</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	701,598	716,456
Provisions	11	12,580	8,580
<b>Total liabilities</b>		<b>714,178</b>	<b>725,036</b>
<b>Total Net Assets</b>		<b>2,334,584</b>	<b>2,137,983</b>
<b>Financed By</b>			
Capital Development funds	19	1,992,070	1,817,710
Accumulated Surplus	19	342,514	320,273
<b>Total Net Assets and Liabilities</b>		<b>2,334,584</b>	<b>2,137,983</b>

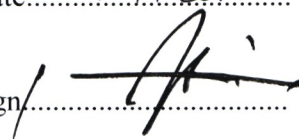
The Financial Statements set out on pages 1 to 23 were signed on behalf of the Council by.

Vice Chancellor

Chairman of the Council

Date.....7/04/2017.....

Date.....7/04/2017.....

Sign. Sign. 

**XII. STATEMENT OF CHANGES IN NET ASSETS**  
For the year ended 30<sup>th</sup> June 2016

	Note	Capital Development Funds	Accumulated Surplus	Total
		Kshs '000	Kshs '000	Kshs '000
<b>Balance as at 30<sup>th</sup> June 2012</b>		1,187,266	242,083	1,429,349
Capital Development funds from the government		273,189		273,189
Surplus		-	28,895	28,895
<b>Balance as at 30<sup>th</sup> June 2013</b>		<b><u>1,460,455</u></b>	<b><u>270,978</u></b>	<b><u>1,731,433</u></b>
Capital Development funds from the government		110,728		110,728
Surplus			22,806	22,806
<b>Balance as at 30<sup>th</sup> June 2014</b>		<b><u>1,571,183</u></b>	<b><u>293,784</u></b>	<b><u>1,864,967</u></b>
Capital Development funds from the government		246,527		246,527
Surplus			26,489	26,489
<b>Balance as at 30<sup>th</sup> June 2015</b>		<b><u>1,817,710</u></b>	<b><u>320,273</u></b>	<b><u>2,137,983</u></b>
Capital Development funds from the government		174,360		174,360
Surplus			22,241	22,241
<b>Balance as at 30<sup>th</sup> June 2016</b>	<b>19</b>	<b><u>1,992,070</u></b>	<b><u>342,514</u></b>	<b><u>2,334,584</u></b>

**XIII. STATEMENT OF CASH FLOWS**For the year ended 30<sup>th</sup> June 2016

	Note	2015-2016	2014-2015
		Kshs '000	Kshs '000
<b>Cash Flows From Operating Activities</b>			
Surplus for the year		22,241	26,489
<b>Adjusted for:</b>			
Depreciation	8	28,907	26,281
Increase in Provisions	11	4,000	1,500
		55,148	54,270
<b>Changes in Working Capital</b>			
Increase in Biological assets		(70)	157
Increase in Inventories		(2,390)	(3,015)
Decrease in Receivables		218,668	(391,384)
Decrease in Payables		(14,858)	156,872
<b>Net Cash flows from operating Activities</b>		<b>256,498</b>	<b>(183,100)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, plant and equipment	15	(106,697)	(120,119)
Capitalized work in progress	15	3,199	
<b>Cash flows from Financing activities</b>			
Capital Development Grant	3	174,360	246,527
Bank Overdraft	18	-	61,482
<b>Net cash flows used in investing activities</b>		<b>70,862</b>	<b>187,890</b>
Net increase in cash and cash equivalents		327,360	4,790
Cash and cash equivalents at 30 <sup>th</sup> June 2015	12	64,657	59,867
<b>Cash and cash equivalents at 30<sup>th</sup> June 2016</b>	12	<b>392,017</b>	<b>64,657</b>

**XIV. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS  
FOR RECURRENT BUDGET.**

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
<b>Revenue</b>	Kshs.000	Kshs.000	Kshs.000	Kshs.000	Kshs.000
Government grants & subsidies	658,497	658,497	658,497	958,497	300,000
Tuition	1,380,217	1,380,217	1,380,217	2,194,536	814,319
Other Incomes				44,032	44,032
<b>Total Income</b>	<b>2,038,714</b>	<b>2,038,714</b>	<b>2,038,714</b>	<b>3,197,065</b>	<b>1,158,351</b>
<b>Expenses</b>					
Employee expenses	1,367,426		1,367,426	1,677,809	(310,383)
Council Expenses	27,839		27,839	30,649	(2,810)
Advertising	12,348		12,348	41,657	(29,309)
Conferences and Delegations	5,441		5,441	13,922	(8,481)
Electricity	36,054		36,054	10,081	25,973
Fuel and oil	7,188		7,188	9,923	(567)
Insurance	7,061		7,061	13,692	(6,631)
Legal expenses	2,756		2,756	5,118	(2,362)
Postage	3,698		3,698	2,548	1,150
Printing and stationery	16,152		16,152	17,308	(1,156)
Rental	112,746		112,746	264,895	(152,149)
Travelling and Subsistence	39,453		39,453	155,922	(116,469)
Repairs Maintenance	13,655		13,655	77,203	(61,097)
Provisions	1,050		1,050	41,487	(40,437)
Part Time lecturer Expenses	56,558		56,558	465,990	(409,432)
Other Expenses	329,289		329,289	346,620	(21,950)
<b>Total Expenditure</b>	<b>2,038,714</b>		<b>2,038,714</b>	<b>3,174,824</b>	<b>(1,136,110)</b>
<b>Surplus for the period</b>				<b>22,241</b>	<b>22,241</b>

**XV. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS  
FOR CAPITAL DEVELOPMENT BUDGET.**

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
<b>Revenue</b>	Kshs.000	Kshs.000	Kshs.000	Kshs.000	Kshs.000
Government grants & subsidies	267,360	267,360	174,360	174,360	0
Internally Generated	66,616	66,616	66,616	66,616	0
<b>Total Income</b>	<b>333,976</b>	<b>333,76</b>	<b>240,976</b>	<b>240,976</b>	<b>0</b>
<b>Expenses</b>					
Capital Expenses	333,796	333,796	240,976	106,697	134,279

## **XVI. NOTES TO THE FINANCIAL STATEMENTS.**

### **1. Statement of Compliance and Basis of Preparation;**

The University's financial statements for the year ended 30<sup>th</sup> June 2016 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual. This is the third year of adoption and the previous years have been restated accordingly. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow is prepared using the indirect method. The financial statements are prepared on accrual basis.

### **2. Summary of Significant Accounting Policies;**

#### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Exchequer Allocations**

The University receives government capitation for recurrent expenditure and is recognised in the statement of financial performance. The University recognises the grants when the budget estimates are approved hence there are no accrued grants at the end of the year. The capital development grants are recognised and credited to the capital development funds.

##### **ii) Revenue from exchange transactions;**

###### **Tuition**

The University recognizes tuition revenue in the period in which it is earned.

### **Income generating Units**

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

#### **b) Budget Information;**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

#### **c) Property, Plant and Equipment;**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated as it is deemed to have an infinite life. Depreciation on the other property is charged so as to write off the assets during their estimated useful life, using reducing balance method.

Assets acquired during first six months of the year attract full depreciation while those acquired in the last six months of the year are not depreciated.

**The annual rates are: (Reducing Balance Method.)**

Buildings	-	2.5%
Machinery & Equipment	-	20%
Furniture & Fittings	-	12.5%
Motor Vehicles	-	25%
Library Books	-	20%
Cutlery	-	33.3%

**d) Inventories;**

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

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

**e) Biological Assets;**

The University recognises and measures its biological assets on initial recognition and at each reporting date at its fair value less costs to sell. The fair value reflects the current market value. The University currently owns cows, goats and rears fish as part of its biological assets.

**f) Provisions;**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

**g) Employee benefits;**

**Retirement benefit plans,**

The University operates a defined contribution scheme for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. Benefits are paid to retiring employees in accordance with the scheme rules.

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the NSSF Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month. The University's obligation to staff retirement benefit schemes are charged to the statement of financial performance in the year to which they relate.

**h) 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. The University's parent Ministry is the Ministry of Education Science and Technology. The University gets its grants through this ministry. Other related parties include the Council members and the senior management. Key transactions and balances with the related parties are clearly shown in the following notes;

- Council remuneration is shown in note number 7.
- Funds received from the ministry are shown in note number 3 (i) and(ii).

**i) Cash and Cash Equivalents;**

Cash and Cash Equivalents comprise cash on hand and cash at bank, as the University does not have any short-term deposits or liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash.

Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purpose of these financial statements cash and cash equivalents does not include imprests and advances which were not surrendered at the end of the financial year.

**j) Comparative figures;**

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

**k) Receivables;**

Receivables are recognised when commitments are effected. A provision of 5% of total receivables has been provided to take care of the receivables, which may not be recovered in full.

**l) Significant judgements and sources of estimation uncertainty;**

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

### **Key sources of estimation Uncertainty;**

#### **Equipments;**

Critical estimates are made by the Council in determining the depreciation rates of the equipments.

#### **Impairment;**

At each statement of financial position date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

#### **Provisions and contingent Liabilities;**

The University reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities.

#### **Useful lives and Residual values;**

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

- The condition of the asset based on the assessment of experts employed by the entity.
- The nature of the asset and its, susceptibility and adaptability to changes in technology and processes.
- The nature of the process in which the asset is deployed.

**m) Description and nature and purpose of each reserve in statement of net asset;**

Capital Development fund- These are funds which are received by the University from the government for purposes of capital development. Currently the projects being funded by these funds are still ongoing.

Accumulated Surplus- This is accumulated surplus realised by the University over the years.

**n) Intangible assets**

The ERP system that qualifies for classification under intangible assets is still under implementation and therefore no amortization provision has been made in this financial year.

**o) Leases**

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset are passed to the lessee. All other leases are classified as operating leases to the surplus or deficit on a reducing balance basis over the period of the lease.

**p) Risk Management**

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

**Credit risk**

The university has exposure to credit risk which is the risk that a counter party to financial instrument will be unable to pay amounts in full when due thus causing a financial loss. Credit risk arises from cash and cash equivalents and trade receivables. Credit risk on trade receivables is managed by ensuring that credit is extended to customers and students with established credit history.

### Market risk

The university has put in place an internal function to assist it in assessing the risk faced by the university on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

### q) Capital commitments

The university has ongoing projects which are funded purely by the exchequer. The projects include Hostels, ICT centre and lecture theatres.

### r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended on 30<sup>th</sup> June 2016.

### 3. (i) Exchequer Allocations (Recurrent Grants)

Date	Rec No	2015/2016	Month	Rec No	2014/2015
		Kshs.000			Kshs.000
July 2015	3221	54,875	July 2014	65701	43,292
Aug 2015	5329	54,875	Aug 2014	66579	43,291
Sept 2015	14685	54,874	Sept 2014	71503	43,292
Oct 2015	14676	54,875	Oct 2014	67296	43,291
Nov 2015	14675	54,875	Nov 2014	71501	43,291
Dec 2015	7971	54,875	Dec 2014	71021	43,292
Jan 2016	14674	54,874	Jan 2015	76103	43,291
Feb 2016	13938	54,875	Feb 2015	76107	43,291
Mar 2016	14677	54,875	Mar 2015	76109	43,292
Apr 2016	16094	54,874	Apr 2015	75063	43,291
May 2016	17060	204,875	May 2015	77126	43,292
June 2016	18499	204,875	June 2015	77862	43,291
			June 2015	Accrued	300,000
<b>Total</b>		<b>958,497</b>	<b>Total</b>		<b>819,497</b>

(ii) Exchequer Allocations (Development Grants)

Date	Rec No	2015/2016	Month	Rec No	2014/2015
		<b>Kshs.000</b>			<b>Kshs.000</b>
April 2016		133,680	Oct 2014	67459	58,680
June 2016		40,680	Jan 2015	71509	58,680
			May 2015	76605	29,167
			June 2015	76606	100,000
<b>Total</b>		<b><u>174,360</u></b>	<b>Total</b>		<b><u>246,527</u></b>

4. Tuition Fees

Details	2015/2016	2014/2015
	<b>Kshs.000</b>	<b>Kshs.000</b>
Tuition fees	1,690,204	1,132,936
Registration fees	45,485	30,488
Student ID	6,764	4,534
Library use	63,912	42,840
Examination	136,450	91,462
Material development	68,225	45,731
Activity fees	15,978	10,710
HELB funds	156,758	105,074
Medical	31,956	21,420
Teaching practice	298	200
Prepaid Tuition Income	(21,494)	(8,603)
<b>Total</b>	<b><u>2,194,536</u></b>	<b><u>1,476,792</u></b>

5. Income Generating Units

Details	2015/2016	2014/2015
	<b>Kshs.000</b>	<b>Kshs.000</b>
Application Forms	19,336	18,559
Accommodation	1,115	689
Staff mess Sales	4,405	1,749
Student Mess Sales	1,732	4,548
Student Id Replacement	298	141
Rent	810	132
Medical Charges	512	261
Farm Sales	445	276
Disposal Income	-	12
Graduation Fee And Gowns Hire	1,856	3,988
Exam Retake	22	273
Transcripts	271	197
Hire Of Playing Ground	34	23
Hire Of Bus		30
Tailoring Fees	46	25
Library Charges	37	277

Conference Charges / Workshop	26	56
Interest From Bank	32	
Gift Shop	271	622
Gain in bad debts provision reduction	11,508	
Games Tournament		38
Research Grants	1,276	5,859
<b>Total</b>	<b><u>44,032</u></b>	<b><u>37,755</u></b>

#### 6. Employee Costs

Details	2015/2016	2014/2015
	Kshs.000	Kshs.000
Salaries And Wages	1,585,190	1,220,227
Casual Labour Expenses	61,566	21,179
Salary Locum Appointees	2,342	2,698
Gratuity Services	8,833	16,401
Passage And Baggage	5,062	3,408
Staff Id	1,560	
Student Medical Refunds and Hospitalisation	13,256	4,326
Staff Development		1,633
<b>Total</b>	<b><u>1,677,809</u></b>	<b><u>1,269,872</u></b>

#### 7. Council Expenses

Details	2015/2016	2014/2015
	Kshs.000	Kshs.000
Sitting Allowances	10,957	3,306
Subsistence Allowances	10,685	3,155
Mileage Allowances	9,007	6,955
<b>Total</b>	<b><u>30,649</u></b>	<b><u>13,416</u></b>

#### 8. Depreciation and Amortization Expense

Details	Accumulated C/F 30/06/2016	Depreciation for The year ended 30/06/2016	Balance B/F 1/07/2015
		Kshs.000	Kshs.000
Buildings	29,781	4,972	24,809
Motor Vehicles	30,893	6,708	24,185
Furniture & Fittings	18,368	4,794	13,574
Office Equipments	25,446	7,234	18,212

Plant And Machinery	10,153	1,720	8,433
Library Books	17,666	3,332	14,334
Cutlery	1,438	147	1,291
<b>Total</b>	<b>133,745</b>	<b>28,907</b>	<b>104,838</b>

**9. Contracted Services (Part Time Lecturers)**

<b>Details</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Faculty Of Commerce	52,287	79,657
BLINS	26,101	22,296
Education	70,686	93,825
Law	4,294	2,132
Agriculture	25,457	19,446
Health Science	15,931	10,245
SPASS	17,120	4,981
FASS	26,147	101
Accrued part time expenses	227,967	285,046
<b>Total</b>	<b><u>465,990</u></b>	<b><u>517,729</u></b>

**10. General Expenses**

The following are included in general expenses.

<b>Details</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Advertising	41,657	33,392
ConferencesandDelegations	13,922	5,209
Electricity	10,081	12,588
Fuelandoil	9,923	8,477
Insurance	13,692	7,855
Legalexpenses	5,118	2,933
Postage	2,548	1,041
Printingandstationery	17,308	14,394
Rental	264,895	97,595
Travelling and Accommodation	155,922	132,975
Repairs and Maintenance	77,203	12,479
Other Expenses	346,620	142,739
<b>Total</b>	<b><u>958,889</u></b>	<b><u>471,677</u></b>

**11. Provisions**

<b>Details</b>	<b>2015/2016</b>	<b>2014/2015</b>	<b>Increase</b>	<b>2013/2014</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>		<b>Kshs.000</b>
				<b>Bal B/f</b>
Provision For Audit Fees	580	580	0	580
Provision For Gratuity	12,000	8,000	1,500	6,500
<b>Total</b>	<b>12,580</b>	<b>8,580</b>	<b>1,500</b>	<b>7,080</b>

**12. Cash and Cash Equivalents**

<b>Details</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Cash At Hand	119	306
Cash At Bank (NBK Current A/C)	90,589	2,163
Cash At Bank (NBK Savings A/C)	4,799	475
Cash At Bank (KCB Development)	167,863	30,104
Cash At Bank (Co-Op Bank)	732	116
Cash At Bank (KCB Eldoret)	1,051	12,484
Cash At Bank (KCB isebania)	85	609
Cash At Bank (KCB Kabarnet)	83	3,423
Cash At Bank (KCB Keroka)	54	609
Cash At Bank (KCB Kisumu)	5,016	3,123
Cash At Bank (KCB Kitale)	40	2,693
Cash At Bank (KCB Nairobi)	57	1,549
Cash At Bank (KCB Nyamira)	39	1,446
Cash At Bank (KCB Ogembo)	87	319
Cash At Bank (KCB Kapenguria)	19	794
Cash At Bank (KCB Kericho)	95	4,047
Cash At Bank (KCB Gift Shop)	587	318
Cash At Bank (KCB Research Grant)	1,090	79
Cash At Bank (KCB Migori)	102	
Cash At Bank (KCB Fee Collection)	119,510	
<b>Total</b>	<b>392,017</b>	<b>64,657</b>

### 13.Receivables from Exchange Transactions

Details	2015/2016	2014/2015
	Kshs.000	Kshs.000
House Rent	-	39
Salary Advance	120	1,285
General Debtors	526	180
Imprests Outstanding	3,670	3,459
Fees Balances	422,387	351,895
Farm Dues	-	8
Medical Bills	-	13
<b>Receivable from Non exchange Trans.</b>		
Recurrent Capitation	-	300,000
Provision	(21,335)	(32,843)
<b>Total</b>	<b><u>405,368</u></b>	<b><u>624,036</u></b>

### 14. Inventories

Details	2015/2016	2014/2015
	Kshs.000	Kshs.000
Farm	96	782
Nyosia Farm	271	
Town Campus		12
Finance Town Campus		3
Twin Towers	10	
Kisumu Campus	53	107
Keroka Campus	13	84
Nyamira Campus		201
Kitale Campus	2	1
Kericho Campus	2,468	
Kehancha Campus	4	26
Ogembo Campus	3	3
Isebania Campus		10
Migori		11
Kapenguria		70
Ravine Center	46	12
Kabarnet	24	65
Eldoret	870	921
Nairobi Campus		39
Faculty of Health Science	3	
Research		4
Tailoring unit	17	
Administration	12	
Vice Chancellor	81	

Post Graduate		3
Halls Department		277
Medical Department		2,147
Catering Department	45	21
Estates Department	2,655	1,191
Examination & Timetabling Dept	180	1,188
Central Stores	979	1,650
Fist		9
Fass		1
Quality Assurance		1
Central Registry	3	
Ict		5
Marketing		1
Dean Of Students	33	
BBAM		2
Security	2	
Finance Main campus	571	
Public Relations	5	
Medical	2,239	
Salaries	116	
Halls	428	
DVC Academic Affairs	8	
<b>Total</b>	<b><u>11,237</u></b>	<b><u>8,847</u></b>

**15. Property, Plant and Equipment**

	Land	Buildings	W.I.P	Motor Vehicle	Furniture & fittings	Office Equipment	Plant & Machinery	Library	Cutlery	Total
Cost	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
<b>At 1 July 2015</b>	<b>140,901</b>	<b>215,682</b>	<b>1,733,374</b>	<b>39,270</b>	<b>44,444</b>	<b>46,769</b>	<b>17,031</b>	<b>30,350</b>	<b>1,731</b>	<b>2,269,552</b>
Transfer to Buildings			<b>(3,199)</b>							<b>(3,199)</b>
	140,901	215,682	1,730,175	39,270	44,444	46,769	17,031	30,350	1,731	2,266,353
<b>Additions</b>		<b>4,798</b>	<b>50,714</b>	<b>11,745</b>	<b>12,319</b>	<b>15,169</b>	<b>4,544</b>	<b>4,209</b>		<b>103,498</b>
<b>Capitalised WIP</b>		<b>3,199</b>								<b>3,199</b>
<b>As at 30<sup>th</sup> June 2016.</b>	<b>140,901</b>	<b>223,679</b>	<b>1,780,889</b>	<b>51,015</b>	<b>56,763</b>	<b>61,938</b>	<b>21,575</b>	<b>34,559</b>	<b>1,731</b>	<b>2,373,050</b>
Acquisition after 31/12/15					4,837	7,557	4,544	3,563		20,501
Qualifying asset for depreciation	140,901	223,679	1,780,889	51,015	51,926	54,381	17,031	30,996	1,731	2,352,549
Accrued depreciation b/f	-	24,809	-	24,185	13,574	18,212	8,433	14,334	1,291	104,838
Net cost for depreciation	140,901	198,870	1,780,889	26,830	38,352	36,169	8,598	16,662	440	2,247,711
Depreciation for the year	-	4,972	-	6,708	4,794	7,234	1,720	3,332	147	28,907
Total Depreciation	-	29,781	-	30,893	18,368	25,446	10,153	17,666	1,438	133,745
Net Book Value as at 30/06/16	140,901	193,898	1,780,889	20,123	38,395	36,492	11,422	16,893	293	2,239,305
Net Book Value as at 30/06/15	140,901	190,873	1,733,373	15,086	30,870	28,557	8,598	16,016	440	2,164,714
As at 1 July 2014	140,901	215,682	1,638,240	39,270	36,970	31,023	17,031	28,585	1,731	2,149,433
Additions			95,134		7,474	15,746		1,765		120,119
As at 30 June 2015	140,901	215,682	1,733,374	39,270	44,444	46,729	17,031	30,350	1,731	2,269,552
Acquisition after 31/12/14					2,812	4,027		620		7,459
Qualifying asset for depreciation	140,901	215,682	1,733,374	39,270	41,632	42,742	17,031	29,730	1,731	2,262,093
Accrued depreciation b/f		19,915		19,156	9,566	12,079	6,284	10,485	1,072	78,557
Net cost for depreciation	140,901	195,767	1,733,374	20,114	32,066	30,633	10,747	19,245	659	2,183,536
Depreciation for the year		4,894		5,029	4,008	6,133	2,149	3,849	219	26,281
Total Depreciation		24,809		24,185	13,574	18,212	8,433	14,334	1,291	104,838
<b>Net Book Value as at 30/06/15</b>	<b>140,901</b>	<b>190,873</b>	<b>1,733,374</b>	<b>15,086</b>	<b>30,870</b>	<b>28,557</b>	<b>8,598</b>	<b>16,016</b>	<b>440</b>	<b>2,164,714</b>
<b>Net Book Value as at 30/06/14</b>	<b>140,901</b>	<b>195,767</b>	<b>1,638,240</b>	<b>20,114</b>	<b>27,404</b>	<b>18,944</b>	<b>10,747</b>	<b>18,100</b>	<b>659</b>	<b>2,070,877</b>

**16. Explanation of Material differences on the Statement of Comparison of Budget and Actual Amounts.**

**Recurrent Capitation**

Government grant increased from the initial budgeted amount of Kshs.658,497,000 to Kshs.958,497,000 after the government approved a supplementary budget increase of Kshs.300,000,000.

**Tuition**

Tuition revenue also increased from the initial budgeted amount of Kshs.1, 380,217,000 to Kshs.2,194,536 this was a result of enhanced measures put in place to ensure students pay their fees on time.

**17. Biological Assets**

<b>Details</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
<b>Cows</b>		
Anne 2 Lactating heifer	75	84
Anne 4 Lactating heifer	80	85
Anne 5 Lactating heifer	70	65
Anne 6 Lactating heifer	70	45
Anne 7 Bulling heifer	35	28
Caroline	-	15
Karende 3 lactating cow	50	84
Susan 4 Lactating cow	60	60
Susan 5 Lactating heifer	40	35
Susan 6 Lactating heifer	60	32
Susan 7 ( heifer calf)	15	-
Ochieng steer bull	80	40
Ondieki steer bull	40	25
Benadatte 1 heifer	28	25
Pope Francis bull calf	5	-
Nyakundi bull calf	5	-
Poultry	13	-
<b>Rabbits</b>	<b>85</b>	<b>5</b>
<b>Fish</b>		
Pond 1	-	40
Pond 2	-	15
Pond 3	-	15
Pond 4	-	15
Pond 5	-	10
Pond 6	-	12
<b>Goats</b>		
Cross Breed	16	25
Sannen	8	5
<b>Total</b>	<b><u>835</u></b>	<b><u>765</u></b>

18. Trade and Other Payables from Exchange Transactions.

Details	2015/2016	2014/2015
	Kshs.000	Kshs.000
Prepaid Tuition Income	21,494	8,603
Bank Overdraft	-	61,482
Caution Money	37,586	20,034
Part Time Expenses	249,513	285,046
Prepaid Rents And Rates	2	2
Sundry Creditors	96,675	101,703
Student Union	8,503	272
Retention	3,117	3,117
Contractors And Consultants	257,708	209,197
Lease Hold	27,000	27,000
<b>Total</b>	<b><u>701,598</u></b>	<b><u>716,456</u></b>

19. Capital Development Funds and Accumulated Surplus.

Capital Development Funds		Accumulated Surplus	
Financial Year	Kshs 000	Financial Year	Kshs 000
<b>Bal B/f 01/07/2008</b>	278,054	<b>Bal B/f 01/07/2008</b>	
2008-2009	-	2008-2009	46,322
2009-2010	274,938	2009-2010	110,622
2010-2011	283,581	2010-2011	52,808
2011-2012	350,693	2011-2012	32,331
2012-2013	273,189	2012-2013	28,895
2013-2014	110,728	2013-2014	22,806
2014-2015	246,527	2014-2015	26,489
2015-2016	174,360	2015-2016	22,241
<b>Balance as at 30/06/16</b>	<b>1,992,070</b>	<b>Balance as at 30/06/16</b>	<b>342,514</b>

**20. Follow up on Auditors Recommendations.**

All the queries up to the year ending 30<sup>th</sup> June 2015 were cleared during our appearance at the public investment committee hearing vide our letter dated 9<sup>th</sup> February 2017

Ref/NA.DCL/PIC/2017/021. A copy of the report has already been filed in your office.

The issues relating to land and direct bank deposits were cleared. The university however continues to enhance its internal control measure for continuous improvement of its service delivery.