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KENYATTA UNIVERSITY

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2014

Transforming Higher Education… Enhancing Lives

Kenyatta University

Transforming Higher Education… Enhancing Lives

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

KENYATTA UNIVERSITY

CORPORATE PHILOSOPHIES

OUR VISION

To be a dynamic, an inclusive and a competitive centre of excellence in teaching, learning and service to Humanity.

OUR MISSION

To provide quality education and training, promote scholarship, service, innovation and creativity and inculcate moral values for sustainable individual and societal development.

OUR IDENTITY

A community of scholars committed to the generation of knowledge and cultivation of wisdom for the welfare of society.

OUR PHILOSOPHY

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

KENYATTA UNIVERSITY
Elimu Ni Nguvu

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Financial Statements & Notes to the Accounts

KENYATTA UNIVERSITY

UNIVERSITY COUNCIL MEMBERS

Prof. Ratemo W. Michieka **B.Sc., M.Ed. , Ph.D. (Rutgers Univ.USA),**	-	Chairman
Prof. Olive M. Mugenda **B. Ed. (Nairobi), MBA (Esami), M.Sc., Ph.D. (Iowa State USA),**	-	Vice - Chancellor
Ms. Fenny Mwakisha	-	Rep. PS. Ministry of Education Sciences and Technology
Mr. Samuel Macharia	-	Rep. PS. The National Treasury
Prof. David N. Ngugi **Ph.D. (Agronomy)**	-	Member
Dr. Violet Chesang **Ph.D. (Linguistics)**	-	Member
Mr. Aggrey Ole Murunga **M.A (Economics)**	-	Member
Pastor Beatrice W. Musila **M.A (Counseling Studies)**	-	Member
Mrs. Flora N. Godo **M.Sc. (Tourism Development)**	-	Member

KENYATTA UNIVERSITY
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.

BANKERS
- Co-operative Bank of Kenya Ltd.
  Helasie 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.

KENYATTA UNIVERSITY
CHANCELLOR & PRINCIPAL OFFICERS
OF THE UNIVERSITY

Chancellor

Mr. BENSON WAIREGI, E.B.S.,
B.Com.(Accounting), MBA (Nairobi), CPA (K.)

Chairman of the University Council

PROF. RATEMO MICHIEKA,EBS,FKNAS.,
B.Sc., M.Ed. , Ph.D. (Rutgers 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., M.A. Ed. (Nairobi), Ph.D. (Alberta)**

Deputy Vice Chancellor (Academic)
PROF. JOHN OKUMU, **B.Ed., M.Sc. (Kenyatta), Ph.D. (Leeds)**

Deputy Vice-Chancellor (Finance & Development)

PROF. GODFREY MSE, **B.Ed. (Nairobi), M.Ed., Ph.D. (Kenyatta)**

Deputy Vice-Chancellor (Research, Innovation & Outreach)

PROF. FREDERICK.Q.GRAVENIR, **M.A. Ph.D (Prague)**

Registrar Administration

DR. DANIEL M. MUINDI, **B.Ed. (Nairobi), M.Ed., Ph.D. (Kenyatta)**

Registrar Academic

DR. STEPHEN N.NYAGA, **B.Ed., M.A., Ph.D. (Kenyatta)**

Registrar (Finance and Development)
DR. NELSON M. KARAGU **B.Sc., M.A. Ed (Idaho), Ph.D. (Nairobi)**

Registrar (Research, Innovation & Outreach)
DR. VINCENT ONYWERA, **B.Ed., M.Ed., Ph.D. (Kenyatta), ISAK 2**

University Librarian

DR. GEORGE G. NJOROGE, **Ph.D, (Nairobi)**

Chief Finance Officer

JOSEPH I.GITAHI, **B.Sc., M.Sc.Org,Dev.(USIU), CPA (K)**

KENYATTA UNIVERSITY
CHAIRMAN'S REPORT 30TH JUNE 2014

It is my great pleasure to present the University Annual Report and Financial Statement for the year ended 30th June 2014.

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 vision plan that has enabled the University to achieve enormous growth.

In its goal of increasing access to quality higher education and training, the University entered into collaboration with Université De Genève focusing on training community interpreters especially for the Daadab Campus, signed an MOU with China University of Petroleum, Beijing in the general areas of Energy Engineering, signed an agreement with the Administration Police Service to train members of the Administration Police Service Band in the area of music and signed a Memorandum of Understanding and a Memorandum of Agreement with Somali International University (SIU) based in Mogadishu, Somalia on 8th February, 2014, to collaborate in the establishment of academic programmes.

The University also held the First ESRI Education Users Conference at the University, which provided a forum for researchers and scientists to showcase their abilities in applying geospatial knowledge, in partnership with Funzo Kenya conducted an in-service training for 240 health workers in the Ministry of Health, through the KU Regional Centre for Capacity Development trained government officers from various parts of the country on Social Accountability, the University also repackaged the teaching practice where it introduced mentorship in schools this was launched on Friday 25th April 2014, opened the Transformational Leadership training for graduating students on 14th April, 2014 and signed Memorandum of Understanding (MoU) with University of Somalia that will see the two institutions collaborate in areas of interest

In infrastructure:

The University continued with the construction of teaching facilities projects such as the Teaching, Research and Referral Hospital, school of Education, Graduate School, Science Laboratory-Biochem, the International Programmes Centre among others. The University has also procured a building at Kericho which will help in facilitation of lectures thereby bringing higher education closer to the people.

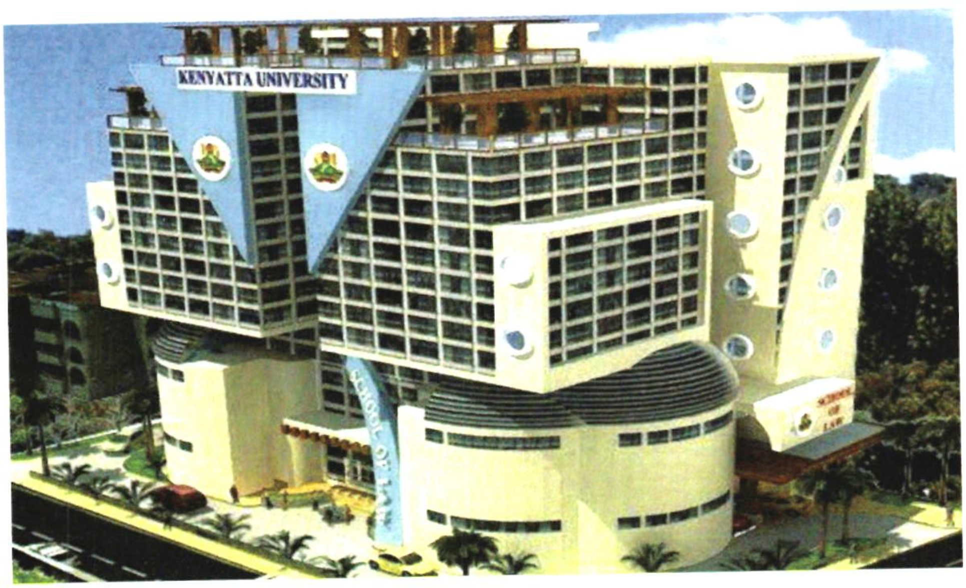
The University is constructing Administration Complex, Directorate Building, Parklands Campus Building and the Unicity mall among others.
In an effort to promote service delivery, the University aims to construct additional hostels under the PPP (Public Private Partnership) concept. This will facilitate 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 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 2014.

RatMichieka

Prof. Ratemo Michieka, EBS, FKNAS
Chairman, Kenyatta University Council



Proposed Kenyatta University School of Law Building

KENYATTA UNIVERSITY
VICE-CHANCELLOR'S REPORT 30TH JUNE 2014

I am delighted to present the University's results for the year ended 30th June 2014. During the year under review the University remained in course in implementation of 2005-2015 Strategic Vision Plan; the focus of which has been on recovery, consolidation and reshaping the University for targeted expansion and internalization. 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 Control on resources to ensure that we meet the targets of revenue collection and cost control.

The University witnessed two graduation ceremonies, in the months of July 2013 and December 2013, which saw the release of 11,798 (eleven thousands, seven hundred ninety eight) graduands to the labour market, who are highly competitive and meet high standards of dependability.

At the Kenyatta University 34th graduation ceremony held on 5th July 2013, Chief of Defence Forces of Kenya, General Julius Karangi was awarded an Honorary Degree, Doctor of Humane Letters (Honoris Causa). On the same day Mr. Benson I. Wairegi was installed as the Chancellor of Kenyatta University, following his appointment by the President of the Republic of Kenya, H.E. Hon. Uhuru Kenyatta
During the 34th graduation ceremony, Dr. George Vikiru, Co-ordinator Signage and Design Unit Kenyatta University, received his Doctorate degree in Art and Design. Dr. Vikiru was one of the beneficiaries of the Vice-Chancellor's Ph.D Facilitation Programme where the VC provides support to members of staff to attain their doctoral degree.

On the 35th Graduation Ceremony which was held on 20th December Dr Manu chandaria a renowned entrepreneur in Kenya and Africa at large was awarded an Honorary Degree, Doctor of Humane Letters (Honoris Causa).

Kenyatta University registered over 10,000 new students in September 2013 who were recently admitted to study at the Main Campus and other University Campuses. This is the highest number of students that the University has ever registered.

In its endeavor to provide quality higher education and training;

On July 24th 2013, Prof. Yves Fluckiger, the Vice-Rector, Université De Genève visited the University to discuss the probability of present and future collaborations with Kenyatta University. The collaboration between the two universities will mainly be focused on training community interpreters especially for the Daadab Campus where most of the learners are from French speaking nations such as Rwanda.

Kenyatta University has signed an MoU with China University of Petroleum, Beijing in the general areas of Energy Engineering .The purpose of the MoU is to facilitate and promote co-operation between Kenyatta University and China University of Petroleum, Beijing, with a view of undertaking Joint research and projects, mentoring of faculty and students exchange and other forms of academic partnerships. The two institutions will collaborate in the general areas of Engineering, Chemical Engineering, Computer Science, Electrical and Electronic Engineering, New and renewable energy, and clean Coal combustion. The two Universities will set up a joint center of excellence in Petroleum and Energy. The staff Exchange would help in capacity building in the area of oil and gas engineering. This programme is in line with the discovery of oil in the country that will demand professionals to work in this field and other mining industries.

The African Virtual University sent a team to Kenyatta University on July 2nd 2013 to launch the AVU multinational project II. The launch was part of the activities to implement the multinational project funded by the African Development Bank whose aim is to strengthen the AVU and its networks of institutions, to deliver and manage quality ICT integrated education and training opportunities

Kenyatta University established a campus at Kericho on Saturday, 7th September 2013. The event was held at the newly acquired Kericho Campus which was formerly the Midwest Hotel. This is yet another milestone set by Kenyatta University in her goal towards increasing the access to Higher Education.

The First ESRI Education Users Conference was held at the University between 16th and 19th September 2013. The conference was organized by ESRI Eastern Africa jointly with Kenyatta University and was the first in the continent of Africa. The conference provided a forum for researchers and scientists to showcase their abilities in applying geospatial knowledge. This will boost the level of research at the University and the region at large.

Kenyatta University and nearby University of Nairobi both recently established computational chemistry laboratories, which are the first of their kind in sub-Saharan East Africa

Kenyatta University has signed an agreement with the Administration Police Service to train members of the Administration Police Service Band in the area of music. The collaboration was aimed at achieving the objectives that were presented to the University; that is, certification of the Administration Police Band men and women; equipping the AP musicians/instructors with the capacity to set up an AP Music Academy; and the need to expand the AP Band community outreach programme.

Kenyatta University in partnership with Funzo Kenya conducted an in-service training for 240 health workers in the Ministry of Health. The training that took place between 26th August and 1st November 2013 involved health workers in the counties of Machakos, Makueni and Kiambu. The Funzo Kenya Project aims at improving the quality of in-service training of health workers in Kenya and building capacity in management of provision of e-learning and distance learning courses.

The University hosted Mbeere District principals for a two day workshop from 29th November to 1st December, 2013. The workshop aimed at enhancing skills in strategic planning and implementation.

The Kenyatta University, Dadaab Campus was officially launched on Wednesday 26th February 2014.The launch of Kenyatta University Dadaab Campus is a great achievement not only to the University but to the education sector as a whole.

The University through the KU Regional Centre for Capacity Development trained government officers from various parts of the country on Social Accountability. The training was meant to equip the officers with knowledge and skills to make them more efficient and socially accountable. The training, it is envisaged, will help develop transformational leaders and socially accountable officers capable of dispensing good governance practices. Social Accountability mechanisms can contribute to improved governance, increased development, effectiveness through better service delivery and empowerment.

Kenyatta University (KU) and Somali International University (SIU) based in Mogadishu, Somalia signed a Memorandum of Understanding and a Memorandum of Agreement on 8th February, 2014. The agreements were signed by Prof. Yahye Ali Ibrahim President, SIU and Prof. Olive Mugenda, Vice-Chancellor, KU. The two Universities agreed to collaborate in the establishment of academic programmes in the areas of Education, English Language, Master of Business Administration, Master of Public Policy and Administration, Master of Peace and Conflict Management and a Master of Public Health. The Programmes will be Kenyatta University programmes but based at Somali International University.

The Confucius Institute has received another Chinese Director, Prof. Wu Shengzeng, and an Associate Professor at Shandong Normal University. Prof.Shengzeng assumed office on 24th December 2013.The University is passionate about the Confucius Institute and making it the best in the country and the region. Prof. Shengzeng said he was committed to ensuring that the Confucius Institute at Kenyatta University becomes a centre of excellence in teaching Chinese Language and Culture. The Department will do the best to develop the Confucius Institute especially in the area of research and publications.

Teaching practice model which includes a strong mentorship component was launched on Friday 25th April 2014. The new model will recruit graduate students with Masters and Ph.Ds to supervise students on teaching practice and mentor them for the whole term. This new and innovative way of supervising teacher trainees will go a long way in giving the trainees the much needed skills to enable them become better teachers; the model will produce highly qualified graduate teachers who will apply cutting-edge approaches that address learners with different social, psychological and academic needs.

The Transformational Leadership training for graduating students was officially opened on 14th April, 2014. The training aims at equipping selected graduating students with leadership skills and gives them a competitive edge while they seek for employment.

Kenyatta University and University of Somalia have signed a Memorandum of Understanding (MoU) that will see the two institutions collaborate in areas of interest. The collaboration will include an exchange programme particularly in Master of Education, Master of Economics and Master of International Relations. KU will support the collaboration to ensure that the programme works. The collaboration as an important step towards internationalization.

The Common Wealth of Learning in collaboration with Kenyatta University held a successful re-tooling workshop on 22nd– 26th April 2014. The purpose of the workshop was to train 50 master trainers on the use of the Open Resources for English Language Teaching (ORELT) modules. The training targeted secondary school teachers currently teaching English in Form 1 & 2. It brought together teachers from five counties: Isiolo, Meru, Tharaka-Nithi, Embu, Kirinyaga and Wajir. The trainees will subsequently share the resources with other teachers in their respective counties and sub-counties. Each of the trainees is expected to train an additional ten teachers, a process that will be monitored by the facilitators of the entire project: Dr Fridah Kanana and Dr Ochieng' Orwenjo. By the end of June 2014, 600 more teachers are expected to have benefited from the resources.

On infrastructure:

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 ongoing New Parklands Building, Graduate School, Science Laboratory-Biochem, International Programmers Centre, School of Education, Directorate Building, Teaching, Research and Referral Hospital and improvement of other facilities in order to prepare for increasing enrollment.

Kenyatta University Economics building was officially opened by Prof. Njuguna Ndung'u, Governor, Central Bank of Kenya on 30th January 2014. A new collaborative degree programmes will be offered by Kenyatta University and University of Pavia, Italy. This is Masters in Economics (Cooperative and Human Development). The programme is supported by United Nations Development Programme, the International Committee for the Development of People – CISP (Italy), Cooperative Development Network (Italy), and Tangaza College. The School has also launched the PhD in Economics by coursework, examination and thesis; a first of its kind in Kenya The building will transform students of economics in Kenyatta University as well as spur socio-economic development in Kenya. The facility is in line with Kenya's Vision 2030, which aims at increasing skilled personnel to take on the growing challenges in our society.

The Chandaria Business Innovation & Incubation Centre (Chandaria-BIIC) which was officially opened on 30th July 2013 at Kenyatta University. The project's vision, at the Chandaria Business Innovation & Incubation Centre is to provide incubates with opportunities to enhance their competitiveness to create wealth and sustainable high-value jobs. The project is not only intended to benefit students from Kenyatta University but also other students and individuals across Kenya. This will go a long way in solving the problem of unemployment in Kenya, and is a step towards the realization of the country's vision 2030 of creating jobs for the youth.

Ground Breaking Ceremony for the construction of the Uni-City took place on Friday 6th September 2013. This marked the beginning of the construction of the first phase of the project. Organizations that have come on board include Uchumi Supermarket, National Oil Corporation, Galitos Restaurant, among others. The Uni-City will be implemented in three phases. The first phase will see the construction of a Hyper Market, Retail Shops, Banks/ATMs, Petrol Station, and a spacious car park. The second phase will see the construction of a convention centre, hotel and a Recreation Park while the third phase will see the construction of an office block and apartment block. The Uni-City is situated within the University's main campus in close proximity to a busy railway line, Nairobi-Thika Superhighway and the Northern and Eastern by-passes which will make it readily accessible to many commuters using these networks as well as the increasing population surrounding

Kenyatta University has begun the construction of state -of-the-art student hostels at its Campus Located in the Central Business District of Mombasa Town, along Nkrumah Road. The ground Breaking ceremony took place on 12th May 2014, and was presided over by Prof. Ratemo Michieka, the Chairman of the University Council

Achievement:

The Presidents Award-Kenya Gold Presentation Ceremony took place on Friday 4th October, 2013 at State House Gardens. The occasion was presided over by the patron of the Programme, the President of the Republic of Kenya, H.E. Hon. Uhuru Kenyatta. Students from secondary and post-secondary institutions in Kenya together with their guardians and teachers were in-attendance. During the occasion, Prof. Olive Mugenda received a Certificate of Recognition on behalf of the University for Outstanding Service Delivery to the students.

Kenyatta University scooped two awards during this year's Gender and Mainstreaming Awards organized by Gender and Disability Development Centre on Friday, 25th October 2013 at the Laico Regency. Kenyatta University won the Diversity and Transformational Leadership Award. This award is given to institutions that are committed to providing equal opportunities to women and persons with disabilities. It also recognizes institutions that have enforced equal rights to all races, gender, religion and disability.

To Promote Efficiency in service Delivery:

School and Departmental Examination Coordinators and Administrators in charge of processing examination marks were recently trained on the web-based Campus Vue system. The training was aimed at enhancing high quality service delivered at the University. This is in recognition of the fact that Examination Coordinators form a very important component of the academic process as they are the custodians of the students' examination records at both the departmental and the school levels

Kenyatta University staffs were trained on Public Relations and Customer Care that will help improve public image and enhance service delivery to clients. The University is committed to training, performance improvement and upgrading skills to improve service delivery. The training is important to enhance productivity and increase motivation among the staff. In addition, the training will align the staff with the new trend especially with regard to technological competence.

Other Activities;

Kenyatta University hosted a captivating musical concert "Come Back My Love " on Friday 22nd and Saturday 23rd November 2013 in the amphitheatre. The musical depicting Kenya's journey since independence, was put up in an effort to join fellow Kenyans in celebrating fifty years of independence.

Vice-Chancellor's luncheon and Award Ceremony was held on 23rd of December, 2013 to recognize efforts of staff members throughout the year. Retiring members of staff and those who had served the university for many 30 years were recognized and awarded for their service.

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 timeliness and splendid effort that have seen Kenyatta University move towards its goal of becoming a world-class University.

Finally, I would like to thank the Government, Local and International Donors, Suppliers and Service providers for their trust, guidance and continued cooperation.

Prof. Olive M. Mugenda, PhD., C.B.S., E.B.S.
VICE-CHANCELLOR

Prof. Mugenda, VC, opening the Baby Daycare Centre.

STATEMENT OF KENYATTA UNIVERSITY COUNCIL MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30TH JUNE 2014

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 disclose, with reasonable accuracy, the financial position of the University. Council is also responsible for safeguarding the assets of the University.

The 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 Public Sector Accounting Standards. The Council is of the opinion that financial statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2014 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 the 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:

Omugenda	RMichieka
Prof. Olive M. Mugenda, Ph.D.,C.B.S,E.B.S.	**Prof. Ratemo Michieka, EBS, FKNAS**
VICE-CHANCELLOR	**CHAIRMAN OF COUNCIL**

CORE BUSINESS OF KENYATTA UNIVERSITY

The core business of the university is provided for in the University of Kenyatta Act.1985. The Act provides in section 4 (i) the functions and objectives of the university, which 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 and such other qualify as the council and senate shall from time to time determine and in so doing contribute to the man-power 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.

Prof. Mugenda, VC, with one of the members of staff who was awarded for long and distinguished service

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 other institutions of learning.
- Make regulations governing the conduct and discipline of staff and students of the University.

Proposed New Main Gate

KENYATTA UNIVERSITY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTES	2014 Kshs.	2013 Adjusted Kshs.
ASSETS			
CURRENT ASSETS			
Cash and Bank Balances	19	514,953,883	770,085,569
Receivables from exchange transactions	20	35,101,542	38,166,058
Receivables from non-exchange transactions	20	369,249,834	348,772,903
Inventories	17	59,737,930	58,837,907
Investments	18	276,528,242	560,779,925
		1,255,571,431	**1,776,642,362**
NON - CURRENT ASSETS			
Property, Plant and Equipments	15	10,357,646,381	8,400,281,935
		10,357,646,381	8,400,281,935
TOTAL ASSETS		**11,613,217,812**	**10,176,924,297**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	21	853,496,612	430,959,233
Refundable deposits from customers	21	92,505,000	115,412,000
Current portion of borrowings	19	-	53,554,520
Payment received in advance	21	34,534,641	35,683,788
		980,536,253	**635,609,541**
NON-CURRENT LIABILITIES			
Borrowings	22	498,938,583	594,742,638
Deferred Income	23	24,500,000	25,000,000
		523,438,583	**619,742,638**
Total Liabilities		**1,503,974,836**	**1,255,352,179**
NET ASSETS		**10,109,242,976**	**8,921,572,119**
Accumulated Surplus	16	7,835,560,616	6,973,666,399
Revaluation Reserve	16	28,721,234	28,721,234
Capital Fund	16	2,244,961,126	1,919,184,486
TOTAL NET ASSETS AND LIABILITIES		**10,109,242,976**	**8,921,572,119**

The Financial Statements set out on pages 17 to 43 were signed on behalf of the University council members by:

Omgeas

Prof. Olive M. Mugenda, Ph.D., C.B.S.
Vice Chancellor
Date... 15 . 5 . 15 ....

RaMichieka

Prof.Ratemo Michieka, EBS,FKNAS.,
Chairman of Council
Date.. 15 5 15 ....

KENYATTA UNIVERSITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 Kshs.	2013 Kshs.
Revenue From Non-Exchange Transactions			
Government Grant	4	3,817,484,384	3,384,100,500
		3,817,484,384	**3,384,100,500**
Revenue From Exchange Transactions			
Tuition & Other Fees	5	4,849,029,471	4,608,482,005
Income Generating Activities	6	129,072,676	77,327,091
		4,978,102,148	**4,685,809,096**
Total Revenue		**8,795,586,531**	**8,069,909,596**
Expenses			
Central Services	8	2,419,106,985	2,117,306,085
Administrative & Academic	9	5,930,663,454	4,823,147,946
Total Expenses		**8,349,770,439**	**6,940,454,030**
Other Incomes	7	416,078,125	**327,514,896**
SURPLUS FOR THE PERIOD		**861,894,217**	**1,456,970,461**

KU issued free tablets for students registering for e-learning

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30TH JUNE, 2014

Cash flow from operating expenses	NOTES	2014 Kshs.	2013 Kshs.
Surplus for the period		861,894,217	1,456,970,461
Non-Cash Movement			
Depreciation	10	331,918,546	292,965,913
Bad & Doubtful Debts Main Campus	8	1,934,713	17,989,519
Bank Loan Interest	8	98,206,970	134,188,469
Interest Received	7	(46,486,377)	(11,582,879)
Loss on Disposal	8	13,387,547	
Amortisation of Deferred Income	7	(500,000)	
Depreciation Adjustment	7	(47,118,516)	
		1,213,237,099	**1,890,531,483**
Increase in Inventories	12	(900,023)	21,629,961
Increase in Debtors & Receivables	15	(19,347,127)	(179,895,187)
Increase in Trade & Other Payables	16	398,481,232	(289,893,193)
CashFlow From Operating Activities		**378,234,082**	**(448,158,419)**
Net Cash from Operating Activities		**1,591,471,181**	**1,442,373,064**
Cash Flows From Investing Activities			
Property, Plant and Equipment	10	(2,255,552,025)	(833,458,989)
Interest Income Received	7	46,486,377	11,582,879
Net Cash Flow From Investing Activities		**(2,209,065,647)**	**(821,876,110)**
Cash Flow From Financing Activities			
Bank Loan Repaid	17	(95,804,055)	(29,974,706)
Bank Loan Interest Paid	8	(98,206,970)	(134,188,469)
Capital Grants (GOK)	11	325,776,640	64,936,503
Capital Grants (Others)	18	-	12,500,000
Net Cash Flow used in Financing Activities		**131,765,615**	**(86,726,672)**
Net Increase in Cash & Cash Equivalents		**(485,828,851)**	**533,770,282**
Net Cash & Cash Equivalents - Brought Forward		1,277,310,975	743,540,693
Cash and Cash Equivalent as at 30th June 2014		**791,482,125**	**1,277,310,975**
Analysis of Cash & Cash Equivalents			
Cash and Bank Balances	14	514,953,883	770,085,569
Short Term Deposits	13	276,528,242	560,779,925
Bank Overdraft	14	-	(53,554,520)
		791,482,125	**1,277,310,975**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2014

	Revaluation Reserve	Accumulated Surplus	Capital Fund	Total
Balance as at 30th June 2012	28,721,234	5,516,695,938	1854247983	7,399,665,155
Government Grants			64,936,503	64,936,503
Surplus for the period	-	1,456,970,461		1,456,970,461
Balance as at 30th June 2013	**28,721,234**	**6,973,666,399**	**1,919,184,486**	**8,921,572,119**
Government Grants			325,776,640	
Surplus for the period		861,894,217		
Balance as at 30th June 2014	**28,721,234**	**7,835,560,616**	2,244,961,126	**10,109,242,976**

Note: Capital Funds are grants received from the government for development projects.

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference
Revenue	**2013-2014**	**2013-2014**	**2013-2014**	**2013-2014**	**2013-2014**
Government Grant	3,582,831,190	-	3,582,831,190	3,817,484,384	234,653,194
Tuition & Other Fees	5,645,384,883	-	5,645,384,883	4,849,029,471	(796,355,412)
Other Income (IGAs)	453,496,576	-	453,496,576	545,516,624	92,020,048
Total Income	**9,681,712,649**	**-**	**9,681,712,649**	**9,212,030,479**	**(469,682,170)**
Expenses					
Telephone, Electricity and Water	322,034,644	24,529,744	346,564,388	301,902,911	44,661,477
Personal Emmoluments	5,127,419,405	67,905,105	5,195,324,510	5,515,227,739	(319,903,230)
Council Allowances	9,090,053	120,384	9,210,437	4,711,637	4,498,800
Depreciation		-		331,918,546	(331,918,546)
Repairs and Maintenance	593,291,827	7,857,275	601,149,102	460,245,938	140,903,164
Contracted Professional Services	69,020,280	914,072	69,934,352	55,402,790	14,531,562
Operation Expenses	2,697,759,710	35,727,846	2,733,487,556	1,582,519,731	1,150,967,825
Finance Cost	98,692,957	1,307,043	100,000,000	98,206,970	1,793,030
Total Expenditure	**8,917,308,876**	**138,361,469**	**9,055,670,345**	**8,350,136,262**	**705,534,083**
Surplus for the period	**764,403,773**	**(138,361,469)**	**626,042,304**	**861,894,217**	**(1,175,216,253)**

NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance and basis of preparation

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

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

Summary of significant accounting policies

Revenue Recognition

Revenue from non-exchange transaction
These are revenues received by the University from the Government for recurrent expenditures. The University recognises revenue from non-exchange transaction on accrual basis.

Revenue from exchange transaction
The University recognises revenue from exchange transaction on accrual basis. This is done when the students register and the amount of revenue can be reliably measured and it's probable that the economic benefit associated with the transaction will flow to the University.

Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The annual depreciation rates in use are:

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

Depreciation Adjustment on Motor Vehicles

The net book value for the year ended 30th June 2014 was found to be Kshs 44,404,468.00. Based on the correct net book value the University realized that depreciation had been previously overstated with Kshs 47,118,516.00 and the necessary adjustment was made in the University Financial Statement.

In the year 2013/2014, the University adjusted depreciation with Kshs 47,118,516. This adjustment was done when the University realised that depreciation for previous years had been over provided for to the extent that its net book value for the year 2013 was Kshs -886,314.00.

Intangible assets

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

Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development

Following initial recognition of an asset such as buildings, the asset is carried at cost less any accumulated amortization. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Financial Instruments

Investments

Investments (Fixed Deposits) are recognised at their initial cost add interest earned. The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated.

Receivables

Receivables from exchange transactions (Fees) are recognised when students register with the University. Receivables from non-exchange (other debtors) transactions are recognised when an invoice is raised or at a time when the debt is determinable.

Financial Liabilities

Loans and Borrowing

Loans are recognised at initial cost plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost incurred in bringing the product to its present location and condition is included in the cost of inventories. Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the University.

The cost of library books is expensed in statement of Financial Performance in the year that such cost arises.

As at 30th June 2014, the University did a stock take and the stock taking figures were incorporated in the Financial Statement.

Employee Benefits

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

The University contributed Kshs 350,564,579.49 in the year 2014, 242,352,021.51 in the year 2013 and Kshs 186,705,908.23 in the year 2012.

i) Foreign currency transactions

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

j) Borrowing costs

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

The University had an outstanding balance on long term borrowings of Kshs 498,938,583.00 (being loan borrowed from Equity Bank in the year 2010) as at 30th June 2014. The total interest for the year was Kshs 98,206,970.00 recognised as expenditure in the statement of financial performance.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include short term deposits, cash on hand and cash at bank at the end of the financial year.

In the year 2013-2014, the University had Kshs 791,482,125 in cash and cash equivalent compared to Kshs 1,277,310,975.00 in the year 2012-2013.

l) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The amendments had no effect on the amounts presented on the statement of financial position, statement of financial performance, and statement of cash flow.

m) Provision on bad and doubtful debts

The University provides for bad and doubtful debts at the rate of 10% of the value of debtors at the end of the financial year. This amount is recognized as an expense in the statement of performance.

In the year 2013-2014, the University had debtors balance of Kshs 449,279,307.00 and provided Kshs 44,927,931.00 for bad and doubtful debts.

n) 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 June 30, 2014.

o) Sewer Land Recognition

The University recognised in its books its sewer land that was acquired in 1985 under compulsory acquisition at a current value of Kshs 325,776,640.00

p) Disposal.

The University disposed 18 old staff houses through demolition to create room for construction of modern buildings. The net book value of the demolished houses was Kshs 19,687,569 and its accumulated depreciation is Kshs 6,300,022.

q) Related Parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. The National Government, Council Members, Members of Management Board and Members of the Senate are regarded as related parties.

Prof. Mugenda, VC, receives equipment courtesy of KU Foundation

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenyatta University as set out on pages 17 to 43, which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts 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.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 judgement, including the assessment of the risks 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

Promoting Accountability in the Public Sector 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 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

1. Property Plant and Equipment

The property, plant and equipment balance of Kshs.10,357,646,381 as at 30 June 2014 includes the main campus University land registration No. 11026/2 measuring 445.17 hectares. Included in the 445.17 hectares is a portion of land measuring 12.472 hectares valued at Kshs.981,479 that has been illegally encroached upon by squatters. Although the University has filed a case in a Court of law against the illegal encroachment, the matter has not been determined and the squatters continue to make developments on the land. Further, the property, plant and equipment balance includes 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 addition, the property, plant and equipment balance include a piece of land LR No NKU-Block 9/108 in Nakuru Township measuring approximately 0.0231 hectares or 0.0570 acres and valued at Kshs.2,018,237 for which a certificate of lease dated 2 November 2009 for a lease period of 99 years was issued. However, information available indicate that the piece of land was originally excised from a public road reserve measuring 10m x 32.93m previously separating plot number 86 and 87 leaving a narrow lane of 3 meter. The matter was reported to the Nakuru County Government which has in turn requested the National Land Commission to conduct investigations to establish the circumstances under which the road was excised and allocated to an individual who subsequently sold the same to the University.

In the circumstances, it has not been possible to confirm the ownership status of the three parcels of land located at Nairobi, Garissa and Nakuru valued at Kshs.3,879,716 as at 30 June 2014.

2.0 Receivables from Non-Exchange Transactions

2.1 Receivables from non-exchange transactions balance of Kshs.369,249,834 as at 30 June 2014 includes sundry debtors, amounting to Kshs.276,843,736 that have been outstanding for more than two years. As observed in the previous year, no evidence was availed to confirm efforts being taken to recover these debts.

2

2.2 Receivables from non-exchange transactions balance of Kshs.369,249,834 also includes imprest control of Kshs.17,645,720 as analyzed at note 20 to the financial statements out of which Kshs.8,529,700 has been outstanding for over one year while Kshs.9,101,075 are imprests held by ex-employees. As previously reported, no reason was given as to why the imprests were not recovered before the employees left the University.

2.3 Further, the receivables from non-exchange transactions balance also includes an amount of Kshs.6,593,783 in respect of staff debts out of which Kshs.1,421,445 relate to car loans due from four (4) officers who have since left the university 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 and management has not explained how the vehicle log books 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 full recoverability of the receivables from non-exchange transactions totalling to Kshs.295,895,956 as at 30 June 2014.

Qualified Opinion

In my opinion, except for the effect of 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 2014, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and comply with the Universities Act, 2012.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 April 2015

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

	NOTE 3: Government Grants	2014 Kshs.	2013 Adjusted Kshs.
A10001	Recurrent Grants	3,817,484,384	3,384,100,500
		3,817,484,384	**3,384,100,500**

	NOTE 4: Tuition Fees	2014 Kshs.	2013 Adjusted Kshs.
A20001	Tuition Fees JAB	592,674,800	578,562,500
A20002	Tuition Fees SSP	2,318,352,730	2,243,614,569
A20003	Tuition Fees ICE	714,610,700	690,736,099
A20005	Tuition Fees Open Learning	275,670,000	264,684,399
A20007	Activity Fees	58,240,000	50,183,500
A20008	Examination Fees	214,429,500	180,917,500
A20009	Library Fees	36,136,500	30,275,250
A20010	Registration Fees	66,093,000	65,550,500
A20011	Identity Card	13,028,550	9,424,600
A20012	Medical Fees	98,040,000	85,734,000
A20013	Material Development Fee	159,117,700	141,182,100
A20015	Accomondation Fees JAB	70,376,725	62,622,600
A20016	Accommodation Fees SSP	15,327,285	14,605,513
A20017	Accommodation Fees I.C.E.	20,676,545	17,193,400
A20025	Tuition Fee - Chinese Language	12,175,436	4,461,475
A20026	Computer Fees	184,080,000	168,734,000
		4,849,029,471	**4,608,482,005**

KU Choir Celebrating the opening of a new Building

NOTE 5: IGA

	a) IGA Income	2014 Kshs.	2013 Adjusted Kshs.
A20020	Regional Centre for Capacity Development	61,182,189	33,872,835
A30003-A30013	Catering	149,810,965	123,600,059
A30004-A30009	Cyber Café	39,088,107	27,252,598
A30003-A30017	KU Conference Centre	114,925,910	70,187,632
A30004-A40028	KU Funeral Home	35,396,684	29,876,758
A30003-A30017	North Coast Beach Hotel	111,316,275	87,085,404
A20021-A30016	Other IGAs	14,550,638	24,952,654
		526,270,768	**396,827,940**
	IGA Expenditure		
K19001-K19019	Regional Centre for Capacity Development	10,405,113	1,304,666
K19001-K19525	Catering	193,844,101	167,672,301
K19001-K19039	Cyber Café	29,106,353	23,460,425
K19001-K19019	KU Conference Centre	19,600,151	19,204,523
K19001-K19018	KU Funeral Home	2,132,565	1,994,095
K19001-J18011	North Coast Beach Hotel	141,046,577	97,726,850
K19001-K19019	Other IGAs	697,409	8,137,990
		396,832,269	**319,500,849**
	Surplus	**129,438,498**	**77,327,091**

Opening of School of Hospitality Building

	NOTE 6 : Other Income	2014 Kshs.	2013 Adjusted Kshs.
A20022	Consultancy & other Prof. Services	3,108,297	
A20028	East Africa Games		11,642
A20029	Ku Shuttle Transport Income	378,750	
A20030	KU Radio Service Income	495,000	1,286,747
A20031	Affiliation Fees	34,047	329,260
A20033	KU Referral Hospital		52,884,857
A30012	Conferences & Seminars fees	1,045,890	715,850
A30014	Sale of Petrol	19,545,603	13,361,207
A30019	Hire of Hall & Conference Facilities		266,476
A40001	Convocation Fees	16,236,537	19,377,190
A40002	Hire of Gowns	194,400	278,550
A40007	Surcharge & Fines	18,750	24,949
A40009	Commission	5,948,755	5,623,354
A40011	Forex Gain	6,820,956	
A40012	Interest Income	46,486,377	11,582,879
A40013	Sale Of Application Forms	37,121,396	36,063,913
A40014	Miscellaneous Income	69,161,246	55,723,213
A40015	Rent/Lease income	89,724,575	97,248,551
A40016	Health Unit	1,975,854	1,440,517
A40017	Sale Of Obsolete Items	1,475,522	580,863
A40018	Security Staff Charge	896,700	892,700
A40019	Water Staff Charge	3,600	
A40020	Dustbin Staff Charge	3,596	4,434
A40027	Sale of Tender Documents	3,046,877	2,555,136
A40028	University Bookshop Income	12,654,228	11,493,442
A40029	Culture week Income	180,570	555,700
A40030	Administrative Research Fees	24,225,892	15,213,466
A40034	Un Women Leadership Centre	27,656,191	
A40037	Students Academic Motivation Award	20,000	
A40040	Amortisation of Deferred Income	500,000	
A40041	Depreciation Adjustment	47,118,516	
		416,078,125	**327,514,896**

NOTE 7: Telephone,Electricity and Water Expenses

		2014 Kshs.	2013 Adjusted Kshs.
K19133	Telephone And Postage	28,700,432	13,407,772
K19134	Electricity Expenses	190,157,911	160,861,785
K19136	Water Reticulation & Sewerage	83,044,569	61,714,673
		301,902,911	**235,984,230**

NOTE 8: Personal Emoluments

		2014 Kshs.	2013 Adjusted Kshs.
J18001	Basic Pay	2,292,164,221	1,642,439,406
J18002	House Allowance	1,149,922,409	962,095,212
J18003	Entertainment Allowance	15,385,040	16,852,376
J18004	Headship/Directorship Allowance	60,357,596	44,731,944
J18005	Responsibility	41,821,609	26,812,172
J18006	Car Allowance	9,533,969	10,288,680
J18007	Domestic Servant Allowance Office	2,783,820	2,128,130
J18008	Commuting & Bus fare	298,806,979	222,325,700
J18009	Leave Travelling Allowance	28,011,834	35,808,228
J18010	Gratuity	112,737,066	87,254,917
J18011	Wages	486,560,150	480,155,245
J18012	Part Time Teaching	429,376,890	488,217,403
J18013	Bonus	35,595,453	
J18014	Passage & Baggage	1,685,117	966,703
J18016	NSSF Employer Contributions	4,937,373	1,503,599
J18017	Telephone Allowance	21,410,838	21,300,542
J18018	Book & Computer Allowance	13,025,000	5,266,000
J18019	Exam Coordination Allowance	12,664,007	12,055,374
J18020	Acting Allowance	25,269,239	50,936,536
J18021	Electricity & water Allowance	693,120	3,406,456
J18022	Overtime	38,643,651	26,746,040
J18023	Pensions Employer Contribution	350,564,579	242,352,013
J18024	Health Risk Allowance	13,854,964	9,063,736
J18025	Special Readers Allowance Special Education	650,935	132,000
J18026	Terminal Benefits	42,818,155	12,675,206
J18029	Emergency Call Allowance	8,765,548	
J18030	Extraneous Allowance	17,188,177	
		5,515,227,739	**4,405,513,617**

NOTE 9: Council Expenses

		2014	2013 Adjusted
		Kshs.	Kshs.
J18027	Sitting Allowance	3,164,250	14,039,500
J18001	Honoraria	960,000	960,000
K19139	Other Expenses	587,387	1,473,655
		4,711,637	**16,473,155**

NOTE 10: Depreciation

		2014	2013 Adjusted
		Kshs.	Kshs.
K20152	Depreciation Of Buildings	150,410,926	133,617,067
K20153	Depreciation Of Motor Vehicles	33,952,339	34,966,347
K20156	Depreciation Of Computer Hardware	34,519,866	21,255,004
K20158	Depreciation Of Furniture & Fittings	112,707,826	102,799,906
K20159	Depreciation Of Academic Gowns	327,589	327,589
		331,918,546	**292,965,913**

NOTE 11: Repairs and Maintenance

		2014	2013 Adjusted
		Kshs.	Kshs.
K19157	Maintenance of Furniture & Equipment	34,159,489	23,481,997
K19158	Maintenance of Swimming Pool	1,183,360	1,626,856
K19159	Maintenance of Motor Vehicle	16,733,079	9,840,754
K19160	Minor Works & Alterations	136,064,307	35,636,121
K19161	Maintenance Of Hostels	1,123,395	13,511,151
K19162	Maintenance Of Residential Quarters	114,520	570,685
K19163	Maintenance Of Grounds & Roads Main Campus	4,257,892	2,825,852
K19164	Maintenance Of Building & Stations Main Campus	265,980,747	413,090,563
K19166	Maintenance Ruiru Campus	280,000	1,629,155
K19168	Maintenance Mombasa Campus	341,949	121,155
K19169	Maintenance Kitui Campus	7,200	
		460,245,938	**502,334,289**

NOTE 12: Contracted Professional Services

		2014	2013 Adjusted
		Kshs.	Kshs.
K19152	Audit Fees	1,500,000	
K19153	Professional Contracted Services	53,902,790	43,880,202
		55,402,790	**43,880,202**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

NOTE 13: Operations Expenses

		2014 Kshs.	2013 Adjusted Kshs.
A40026	Loss on Disposal	13,387,547	
K19001	Stationery	83,516,195	103,365,476
K19002	Staff Uniforms	9,094,368	7,050,132
K19003	Photocopying & Printing	47,503,884	63,008,905
K19004	Cleaning Materials	17,135,024	29,027,841
K19005	Office Tea Expenses Office	4,506,147	4,361,176
K19006	Departmental Meetings	24,247,470	23,024,892
K19007	Other Office Consumables Office	32,076,022	30,579,394
K19008	General Office Equipment Office	3,745,400	8,257,565
K19009	Teaching Materials/Chemicals	9,712,256	6,500,612
K19010	Field Courses	31,464,523	27,511,713
K19011	Laboratory Glassware	2,102,427	1,270,480
K19012	Tools & Apparatus	365,491	10,600
K19014	Cutlery & Crockery	13,920	144,600
K19015	Animal Feeds Sciences	215,906	495,004
K19017	Food Purchases	100,783	52,963
K19018	Travelling & Accommodation	45,992,554	30,803,300
K19019	Fuel & Gases	1,758,047	2,373,537
K19020	Purchase of Bicycle	174,900	
K19021	Journals	179,500	94,500
K19023	Regional Expenses Open Learning	47,600,357	6,537,043
K19024	Writing Vetting & Production Of	5,879,315	23,467,980
K19025	Rent for Regional Centres Open Learning	15,175,252	9,140,578
K19027	Examination Stationery	18,144,986	18,341,997
K19028	Research and Travel Grants	4,305,479	7,214,541
K19121	Advertising and Publicity	198,476,434	137,064,809
K19122	Inaugural & Public Lectures	257,700	271,900
K19123	Newspapers Magazines & Publica-	7,064,451	6,919,642
K19126	Culture Week Expenses	5,774,208	5,897,387
K19127	Drugs Health Unit	27,931,556	29,213,419
K19128	Drugs Nairobi Hospital	19,437,920	20,189,598
K19129	Medical Reimbursement	9,627,351	8,879,163
K19130	Medical Insurance Inpatient Grades A	76,575,103	71,356,444
K19131	Hospitalisation Grades I IV	343,748	32,158
K19132	Medical Referrals	22,406,578	18,852,794
K19135	Sanitary Services	7,403,457	7,395,821
K19137	Land Rent & Rates	2,484,502	1,290,497
K19138	Fumigation	7,833,557	14,070,751
		804,014,317	**724,069,210**

NOTE 13: Operations Expenses

		2014 Kshs.	2013 Adjusted Kshs.
K19140	Public Celebrations	10,172,994	5,207,347
K19141	Bursary		50,000
K19142	Graduation Expenses	17,144,846	13,090,523
K19143	External Examiners Expenses	4,308,424	3,587,931
K19144	Interuniversities VCs Meetings		362,666
K19145	Staff Development & Training	2,350,191	3,719,794
K19146	Funeral Expenses	2,002,410	954,481
K19147	Insurance Premiums	43,714,921	33,787,318
K19148	Bank Charges	11,208,788	20,313,759
K19149	Penalty & Fines	10,000	
K19151	Provision for Bad & Doubtful Debts	1,934,713	17,989,519
K19154	Ex gratia Payments	2,116,363	2,356,293
K19155	Fees Commission Awards & Honoraria	8,909,462	11,298,139
K19156	Rental/Hire Of Premises Expenses	10,512,282	15,051,689
K19171	Medical Expenses Students	1,551,006	2,136,576
K19175	Hire of Parking Bays		360,000
K19176	Contracted Cleaning Services	8,863,893	
K19200	Computerisation & Networking	84,428,085	22,308,895
K19201	Motor Vehicle Fuel	48,565,382	45,618,754
K19202	Archive & Photography	19,500	75,000
K19204	Senate Affairs	391,075	3,534,746
K19207	Games & Tournament Other Campuses	1,655,509	727,094
K19208	Games & Tournaments Main Campus	9,948,689	8,330,883
K19209	E. A. University Games	393,427	4,187,751
K19210	Vice Chancellor's Committees	17,870,787	8,745,813
K19212	Endowment Fund	100,000	
K19213	Wellness Centre	14,220	
K19214	Foreign Exchange Loss	5,871,785	2,023,204
K19215	ISO Certification	2,628,042	3,012,893
K19216	Management Board Expenses	3,571,161	2,041,490
K19217	Hire Of Security	60,531,396	55,624,751
K19218	Hire of Sport Facilities	282,000	493,000
K19219	Clearing & Forwarding	15,447,799	17,226,327
K19220	Performance Contract	1,025,880	2,716,025
		377,545,028	**306,932,658**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

NOTE 13: Operations Expenses

		2014 Kshs.	2013 Adjusted Kshs.
K19221	Board Room Supplies	481,889	462,373
K19222	Internet Connectivity	74,796,950	34,632,526
K19223	Sports Uniform	135,500	234,700
K19224	Lights & Electrical Accessories	530,045	7,075,480
K19225	Career Week	3,334,643	4,459,780
K19226	Library Journals	2,851,740	10,852,019
K19227	Interuniversity Games	3,850,846	262,050
K19229	Gym Maintenance	150,210	147,400
K19230	Sports Grounds Maintenance		51,000
K19233	Academic Dress	2,535,885	3,933,500
K19234	Grant Office Expenses	11,750	
K19235	Rented Accomodation	185,950	
K19236	Professional Boards Registration	580,000	415,000
K19237	Mentoring Activities	3,944,110	2,191,075
K19238	KU Disability Service Office	581,420	475,240
K19239	Hire of Tents	706,954	1,076,876
K19240	Students Shuttle Services	1,667,250	8,474,500
K19241	Needy Students KUSA Support		299,500
K19242	KU US Foundation	282,241	2,794,832
K19245	Casual Task Force Off. Expenses	14,000	24,000
K19246	Invigilation Expenses	4,885,410	4,866,988
K19247	Centre of Capacity Training Expenses	17,912,434	1,792,900
K19500	Conference Seminars & Workshops	7,723,433	9,250,523
K19501	External Travel & Accommodation	28,430,292	30,301,410
K19502	Local Passage & Baggage	4,832,761	1,723,504
K19503	Subscriptions	17,457,330	11,017,195
K19504	Jab Expenses	14,425	256,500
K19505	Postgraduate Stipend Expenses	5,362,200	3,095,267
K19506	Vc's Research Grants	7,243,662	5,108,600
K19507	Admission Expenses	19,558,245	9,693,331
K19508	Teaching Practice	25,177,048	29,420,254
K19509	Library Books & Journals	22,489,633	3,925,795
K19512	Student Amenities	3,582,846	1,742,245
K19513	Practicum	17,449,027	16,540,221
K19515	Facilitation Of New Campuses		43,200
K19516	Public Complain Office	8,500	
K19518	University Staff Student Education Support	9,097,414	8,717,301
K19519	Peer Counselling	2,412,713	3,374,440
K19520	Printing University Calendars Magazines	12,278,714	10,545,464
		302,557,468	229,276,990

NOTE 13: Operations Expenses

		2014 Kshs.	2013 Adjusted Kshs.
K19521	Community Outreach Expenses	2,456,340	4,527,915
K19524	KUSA Expenses	3,362,882	1,902,353
K19526	Summer Programme	587,193	10,058,920
K19530	Kenya Military Collaboration	13,901,038	12,265,550
K19532	Short term courses /training	9,236,357	5,138,485
K19535	VAT/Tax Payment	4,076,710	8,318,603
K19537	Wellness Centre Conferences and	434,360	121,510
K19540	KU Equity Bank Annual Conference	38,504,000	
K19541	KU Souvenir Shop	667,000	373,500
K19542	Incubation Centre Mentoring Activi-	1,593,171	566,224
K19544	Daadab Campus Establishment	2,324,724	3,509,837
K19545	Honours Day Awards & Celebrations	861,000	1,397,000
K19546	AIDS/HIV Awareness Activities	791,260	655,400
K19548	Un Women Leadership Centre	10,385,081	
K19549	Hotel Accomodation & Confer- NCBH	7,203,532	
K19550	Kenya Police Memorandum Exps	356,750	
K19552	Students Work Study Program	45,593	
K19553	Establishment of Dairy Farm	1,611,426	
K19554	Alumni Reunion Expenses	4,500	
		98,402,918	**48,835,296**
		1,582,519,731	**1,309,114,155**

		2014 Kshs.	2013 Adjusted Kshs.
	NOTE 14: Finance Cost		
K19173	Bank Loan Interest	98,206,970	134,188,469
		98,206,970	**134,188,469**

Note 15

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE & EQUIPMENT	COMPUTERS & SOFTWARE	PATENT & RIGHTS	ACADEMIC GOWNS	CAPITAL WORK IN PROGRESS	TOTAL
	KSHS		KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
DEPRECIATION RATES	0%	2%	25%	10%	30%	20%	5%		
COST / VALUATION									
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**
Additions	411,719,778	281,661,365	32,124,605	99,079,202	57,378,076			1,373,588,998	2,255,552,025
Disposal		(19,687,569)							(19,687,569)
Capitalisation		577,719,157						(577,719,157)	-
As at 30th June 2014	**1,413,609,958**	**7,520,546,295**	**337,004,437**	**1,127,078,259**	**227,133,495**	**7,830,375**	**6,551,780**	**2,157,210,968**	**12,796,965,568**
Depreciation and Impairment									
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**		**2,160,819,179**
Charge for the Year	-	150,410,926	33,952,339	112,707,826	34,519,866		327,589		331,918,546
Disposal		(6,300,022)							(6,300,022)
Deprecition Adjustment			(47,118,516)						(47,118,516)
As at 30th June 2014	-	**1,139,531,572**	**292,599,969**	**822,102,905**	**172,172,643**	**7,830,375**	**5,081,723**	-	**2,439,319,187**
NET BOOK VALUES									
As at 30th June 2014	**1,413,609,958**	**6,381,014,723**	**44,404,468**	**304,975,354**	**54,960,852**	-	**1,470,057**	**2,157,210,968**	**10,357,646,381**
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	8,400,281,933

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

B11001 **NOTE 16: Capital Fund**	**2014 Kshs.**	**2013 Adjusted Kshs.**
Balance as at 1st July 2013	1,919,184,486	1,854,247,983
Government Capital Grants	325,776,640	64,936,503
Balance as at 30th June 2014	**2,244,961,126**	**1,919,184,486**

B11002 **Revenue Reserve**	**2014 Kshs.**	**2013 Adjusted Kshs.**
Balance as at 1st July 2013	6,973,666,399	5,516,695,938
Surplus for the Year	861,894,217	1,456,970,461
Revenue Reserve	**7,835,560,616**	**6,973,666,399**

B11004 **Revaluation Reserve**		
Balance as at 1st July 2013	28,721,234	28,721,234
Revaluation Reserve	**28,721,234**	**28,721,234**

Prof. Mugenda, VC, opening the STEP program to enhance youth entrepreneurship

	NOTE 17: Inventories	**2014 Kshs.**	**2013 Adjusted Kshs.**
H17002	Maintenance Store	20,457,220	17,515,849
H17003	Health Drugs Store	6,451,265	8,298,336
H17004	Petrol Stock	2,337,459	4,533,022
H17005	Food Stuff	4,719,053	1,794,962
H17006	Finance Store General	4,919,339	4,833,630
H17007	Accommodation	2,723,028	669,623
H17010	Ruiru Campus Maintenance Store	2,450,794	4,927,548
H17012	Bookshop Store	15,679,773	16,264,937
		59,737,930	**58,837,907**

	NOTE 18: Investments	**2014 Kshs.**	**2013 Adjusted Kshs.**
G16001	National Bank Of Kenya	107,864,833	100,000,000
G16002	Co-operative Bank	36,765,260	32,785,775
G16004	NBK Ruiru	24,148,147	22,666,718
G16007	Equity Bank	107,750,002	405,327,433
		276,528,242	**560,779,925**

This are short term deposits that are renewable every three months at a negotiated interest rate.

	NOTE 19: Cash and Bank Balances	2014 Kshs.	2013 Adjusted Kshs.
F15003	Equity Bank - TOWA Project	1,353,357	1,353,357
F15004	Cash In Hand - North Coast Beach Hotel	192,273	104,233
F15005	Equity - North Coast Beach Hotel	3,353,151	11,070,754
F15006	Equity Community Outreach	5,312,977	9,632,410
F15010	NBK Fees A/C No. 0359150801	8,591,631	40,505,617
F15011	Std Fees Collection A/C No. 2018814400	2,044,784	37,991,776
F15012	Std Dollar A/C No. 8702018780000	52,536,879	58,167,010
F15013	NBK Payments A/C No. 0359002400	68,075,543	10,240,447
F15014	NBK Tuition A/C No. 0359150800	34,311,973	33,173,769
F15015	NBK Research A/C No. 2110781300	7,117,803	58,068,582
F15016	NBK Aicad A/C No. 2110781400	5,756,143	4,544,030
F15017	NBK Harambee A/C 0310891603 (Capitation)	2,681,514	
F15018	KCB AVU	17,263,796	13,350,102
F15019	Co op Fees Collection A/C No. 0112962461400	4,003,292	155,564,610
F15020	Std Pound A/C No. 2802018780000	26,716,137	11,364,989
F15021	Cash In Hand	199,930	181,580
F15022	Equity Fees Collection A/C No. 0290518859	82,178,570	132,554,473
F15023	Equity Bank Ruiru A/C No. 0291051982	95,109,625	
F15025	KCB Fees Collection A/C No. 099 250 640 601	2,039,438	1,764,698
F15026	Standard Chartered Euro A/c 9302018780000	21,479,024	1,343,596
F15027	Equity - NCBH Dollar	1,041,993	729,436
F15028	Equity - NCBH Euro	94,110	88,480
F15030	NBK Euro Ruiru Research Grant	51,177	57,160
F15031	KU Shuttle Bank A/c No. 1130296769655	1,604,071	15,578,641
F15032	KU Meals Bank A/c No. 1130296626107	871,864	800,019
F15033	KU Application Bank A/c No. 1130296626073	13,041,967	17,142,883
F15034	KU Rental Income A/c No. 113029701357	2,652,742	2,143,966
F15035	Equity Bank Referral Hosp. A/c 1130298198	9,146,222	119,146,607
F15036	NIC Bank A/c 1 200 008253	5,416,224	5,418,224
F15037	Equity Bank A/c 1130199002464	1,611,331	1,029,615
F15038	Equity Bank City Enterprises A/C 1130299385909	37,988,288	26,974,505
F15039	Equity Bank Rec Centre A/C 1130299618873	191,225	
F15040	Family Bank Collection A/C 04500023316	924,828	
		514,953,883	**770,085,569**
	Overdraft		
F15017	NBK Harambee A/C 0310891603 (Capitation)		27,696,272
F15023	Equity Bank Mombasa Branch		25,858,248
			53,554,520

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

NOTE 20: Receivables From Non-Exchange Transactions		**2014**	**2013 Adjusted**
		Kshs.	**Kshs.**
M21003	Guarantee Deposits	16,339,962	16,339,962
M21006	Staff Debtors	6,593,783	6,919,895
M21008	Sundry Debtors	293,569,417	286,006,039
M21010	Imprest Control	17,645,720	18,434,291
M21012	Imprest Research	35,949,467	22,827,423
M21021	Staff Welfare Recoveries	87,947	218,600
M21027	Debtors-NCBH	43,991,469	41,019,912
	Total	**414,177,765**	**391,766,121**
	Receivables from Exchange Transactions		
M21007	Student Fees Arrears	35,101,542	38,166,058
	Total Receivables	**449,279,307**	**429,932,179**
B11014	Provision For Bad Debts	(44,927,931)	(42,993,218)
		404,351,376	**386,938,961**

Members of KU Management Board at the opening of a new building

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

NOTE 21: Trade and other Payables from Exchange Transactions

		2014 Kshs.	2013 Adjusted Kshs.
B11015	Provision For Audit Fees	3,000,000	1,500,000
C12002	NHIF	821,540	869,760
C12003	NSSF	6,072,260	-
C12004	Pension	124,176,384	-
C12007	VAT		1,151,600
C12008	Court Attachments	36,168	49,400
C12013	Insurance Claim	3,609,566	1,977,926
C12015	Withholding Tax	3,753,923	1,206,463
C12020	Welfare Deductions	7,388,425	6,209,284
C12021	Hire Purchase		55,523
C12022	Insurance Deductions	4,601,857	784,963
C12023	Cooperative Deductions Cooperative	256,874	498,921
C12024	Students Clubs	49,548	48,883
C12025	Other Salary Deduction	1,256,011	2,395,143
C12026	Staff Loans Deductions	760,497	4,267,117
D13002	Endowment Fund		60,426,479
D13004	Orphans & Vulnerable Students Fund (OVS)	6,204,183	7,135,108
D13005	Quality Of Life Study		2,263,000
D13006	Alumni Contributions		2,250
D13007	Rent Deposits Nakuru	119,400	119,400
D13011	Donations - Centre For Career Dev. & Placement		1,153,800
D13012	Confucius Institute Fund	9,929,264	14,875,681
D13013	Debtors Overpayment	504,220	462,248
D13018	Recreation Centre Fund	168,000	
E14001-105	Research Fund	209,099,073	174,258,844
L20001	Hospitals	5,795,621	3,742,999
L20002	Drug Suppliers	11,034,172	1,912,688
L20003	Referral Doctors	3,868,140	3,081,548
L20004	General Creditors	450,991,485	140,510,205
	Sub-Total	**853,496,612**	**430,959,233**
	Refundable Deposits From Customers		
C12005	Students Caution Money	**92,505,000**	**115,412,000**
	Payment Received in Advance		
C12010	Fees Paid In Advance	**34,534,641**	**35,683,788**
		980,536,253	**582,055,020**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

Note 24 Capital Work in Progress	2014 Kshs.	2013 Adjusted Kshs.
N23007Staff Housing Project	62,640,791	62,294,561
N23010Ruiru Campus (Boundary Wall)	17,678,418	4,349,108
N23014Funeral Home Extension	10,452,223	4,698,216
N23021Fibre Optic Cable	50,030,290	49,850,290
N23022New Administration Block	712,109,659	351,520,234
N23029Teaching & Referral Hospital	19,486,764	15,981,920
N23043Smartcard Project	37,072,780	37,072,780
N23045School of Economics	240,023,146	188,602,784
N23046School of Hospitality	102,218,193	102,218,193
N23047Ext. of D/H North Coast	9,122,699	9,122,699
N23049New Building Parklands	210,825,918	110,051,861
N23050Directorate Building	183,120,573	89,429,163
N23051Business Incubation Centre	113,684,039	108,778,959
N23052Graduate School	222,937,947	105,938,592
N23053University Campernile	51,970,852	31,821,115
N23054Alumni Centre	72,959,879	2,265,237
N23055International Programmes Centre	16,685,496	1,660,000
N23056New Science Lab. Biochem	176,269,223	46,402,523
N23057Students Software (Campus View)	39,282,893	39,282,893
N23058School of Education	20,022,479	
N23059Junior Staff Houses	4,193,071	
N23061Campus City Unicity	342,758,273	
N23062Data Centre	1,029,160	
N23063Graduation Square	18,355,361	
	2,734,930,125	**1,361,341,127**

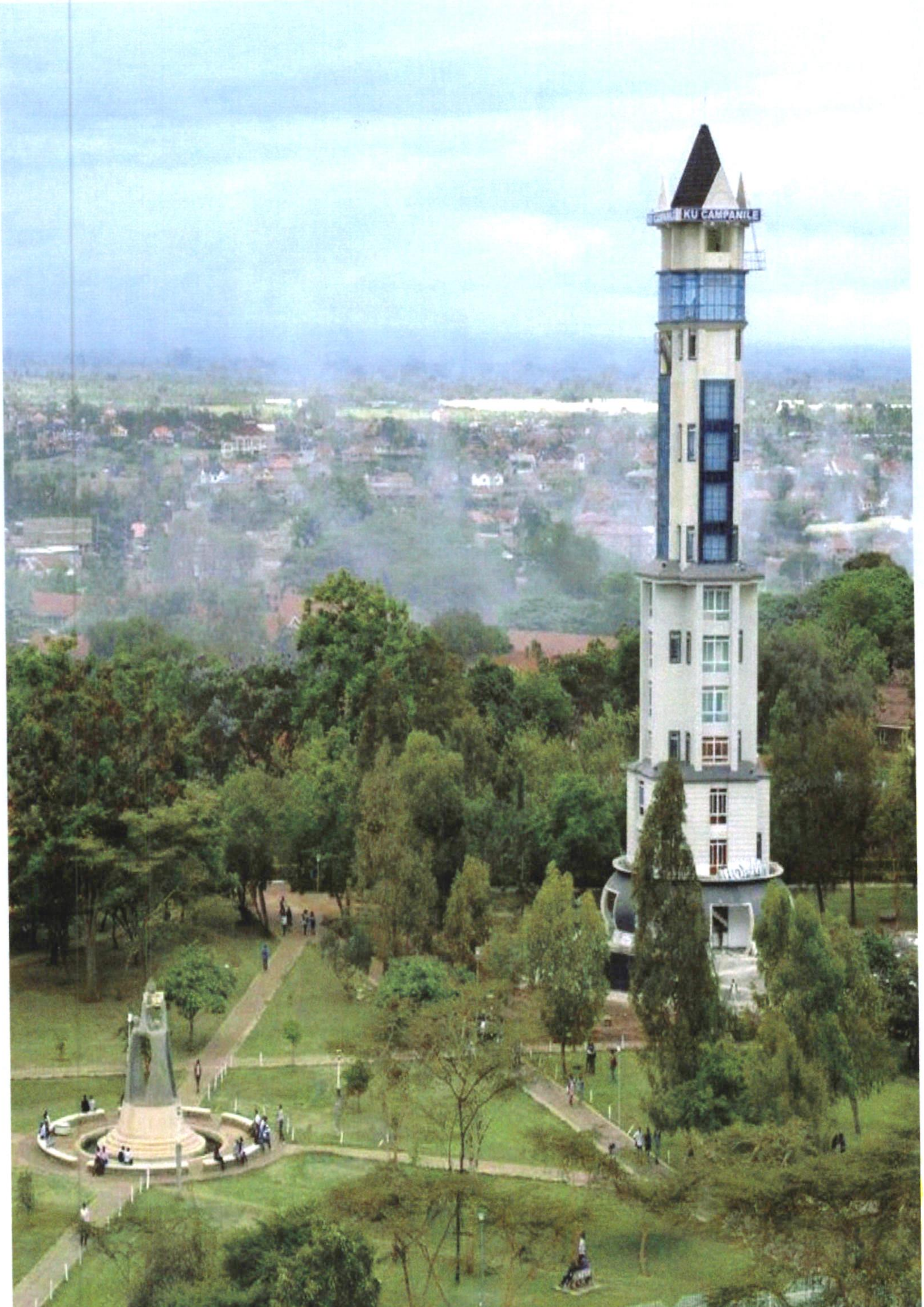
Capitalized Projects	2014 Kshs.	2013 Adjusted Kshs.
Staff Housing Project	62,640,791	-
School of Economics	240,023,146	-
School of Hospitality	102,218,193	-
D/H North Coast Beach Hotel	9,122,699	-
Business Incubation	113,684,039	-
Fibre Optic Cable	50,030,290	-
Total	**577,719,157**	-

	NOTE 22: Long Term Liabilities	2014 Kshs.	2013 Adjusted Kshs.
L20006	Equity Bank (City Campus) Loan 2010	594,742,638	624,717,344
	Repayment	95,804,055	(29,974,706)
		498,938,583	**594,742,638**
	Loan Balance	**498,938,583**	**594,742,638**

This is a long term (non-current) loan sourced from Equity Bank for the procurement of MFI building (KU city campus) in the year 2010, repayable for a period of ten years at a revised interest rate of 18% per annum calculated on reducing balance.

	NOTE 23: Deferred Income	2014 Kshs.	2013 Adjusted Kshs.
D13008	Balance as at 1st July 2013	25,000,000	12,500,000
	Other Grants (Chandaria B.I.I. Centre	-	12,500,000
		25,000,000	25,000,000
A40040	Amortisation 2%	**500,000**	
	Balance as at 30th June 2014	**24,500,000**	**25,000,000**

Donation from Chandaria Foundation for the construction of Chandaria Business Innovation and Incubation Centre. Recognised as deferred income and amortised at the rate of 2% per annum.


KU CAMPANILE