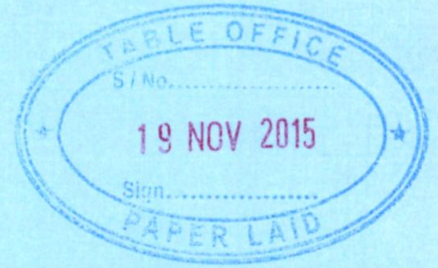


REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

*Paper Laid  
By Hon. K.O. Mehta (Majority Party MP)  
on Thurs 19.11.2015 (PM)*



**REPORT  
OF  
THE AUDITOR-GENERAL  
ON  
THE FINANCIAL STATEMENTS OF  
LAIKIPIA UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE 2014**



LAIKIPIA



UNIVERSITY

P.O. Box 1100-20300,  
NYAHURURU,  
KENYA

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

*ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE, 2014*

## VISION AND MISSION

### **Our Corporate Vision**

A University that catalyses valued transformation of society

### **Our Corporate Mission**

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

### **Our Core values**

The key values that underpin what Laikipia University does are:

- ❖ Quality
- ❖ Integrity
- ❖ Respect

**TABLE OF CONTENTS**

	<b>Page</b>
Vision and Mission.....	2
Table of content.....	3
General Information.....	4
Members of Council.....	5
University College Management.....	7
Core Business of the University.....	8
Statement from Chairman of Council.....	9
Statement from the Vice Chancellor.....	10
Corporate Governance and Ethics.....	11
Corporate Social Responsibility Statement.....	13
Report of the Council Members.....	14
Statement of Council Members responsibility on financial statements.....	15
Statement of Financial Performance.....	16
Statement of Financial Position.....	17
Statement of changes in Reserves.....	18
Statement of Cash flow .....	19
Statement of Comparison of Budget and Actual Amounts.....	20
Notes to the Accounts.....	21

**GENERAL INFORMATION**

**Establishment**

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

**Registered Office and principal place of Business**

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

**Bankers**

- |                                                                                            |                                                                                       |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1. Kenya Commercial Bank<br>Nyahururu Branch<br>P.O.Box 64-20300<br><b>NYAHURURU</b>       | 2. Kenya Commercial Bank<br>Nakuru Branch<br>P.O. Box 18-20100<br><b>NAKURU</b>       |
| 3. Co-operative Bank of Kenya<br>Nyahururu Branch<br>P.O.Box 307-20300<br><b>NYAHURURU</b> | 4. Co-operative Bank of Kenya<br>Nakuru Branch<br>P.O.Box 2982-20100<br><b>NAKURU</b> |
| 5. Equity Bank<br>Nyahururu Branch<br>P.O. Box 1048-20300<br><b>NYAHURURU</b>              |                                                                                       |

**Independent Auditors**

The Auditor General  
Kenya National Audit Office  
P.O.Box30084-00100  
**NAIROBI**

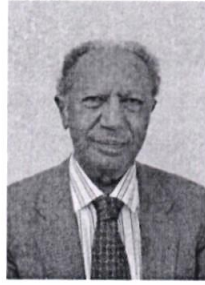
**Principal Legal Adviser**

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

**LOCATION**

Laikipia University is located 11KMs from Nyahururu along the Nyahururu-Nakuru Road.

**MEMBERS OF THE UNIVERSITY COUNCIL**



Prof. Abdullah N. Said, PhD.  
CHAIRMAN



Ms. Margery Kabuya  
MEMBER



Mr. Fredrick O. Ogana  
MEMBER



Mr. Milton Njuki  
MEMBER



Prof. Samuel K. Katia , PhD  
MEMBER



Mr. Daniel M. Mutua  
MEMBER



Ms Joyce N.I. Ekuam  
MEMBER



Ms Betty Maina  
MEMBER



Prof. Francis K. Lelo, PhD.  
VICE-CHANCELLOR

**APPOINTMENT OF MEMBERS TO THE UNIVERSITY COUNCIL**

<b>S/NO.</b>	<b>CURRENT MEMBERS</b>	<b>DESIGNATION</b>	<b>DATE OF APPOINTMENT</b>
1	Prof. Abdallah N. Said	Chairman	27/02/2013
2	Ms. Margery Kabuya	Member	27/02/2013
3	Prof. Samuel Katia	Member	27/02/2013
4	Mr. Fredrick O. Ogana	Member	27/02/2013
5	Ms. Joyce N. I. Ekuam	Member	27/02/2013
6	Ms. Betty Maina	Member	27/02/2013
7	Mr. Daniel Mutua	Alternate for Principal Secretary, The National Treasury	27/02/2013
8	Mr. Milton Njuki	Alternate for Principal Secretary, Ministry of Education, Science & Technology	27/02/2013
9	Prof. Francis K. Lelo	Vice Chancellor, Laikipia University	20/05/2013

	<b>RETIRED MEMBERS</b>		<b>DATE OF RETIREMENT</b>
1	Mr. Kennedy Mbwaya	Former Chairman	27/02/2013
2	Dr. Paul Tergat	Former Member	27/02/2013
3	Mr. Job K. Cherutich	Former Member	27/02/2013
4	Mr. Elly Ong'ong'a	Former Alternate for Principal Secretary, Ministry of Higher Education, Science & Technology	27/02/2013
5	Mr. Stephen Ikiiki	Former Alternate for Principal Secretary, Ministry of Finance	27/02/2013
6	Prof. James K Tuitoek	Vice Chancellor Egerton University	27/02/2013
7	Mr. Michael N. Mugo	Non-Teaching Staff Representative	27/02/2013
8	Dr. Benedict Mutua	Senate Representative	27/02/2013
9	Mr. Francis K. Mugo	Alumni Representative	27/02/2013
10	Mr. Joel King'oina	Student's Representative	27/02/2013

**UNIVERSITY SENIOR MANAGEMENT**



Prof. Francis K. Lelo, PhD. (B.Ed, MES, PhD.)  
**Vice Chancellor**



Prof. Isaac S. Kosgey, PhD.  
(Dip. Animal Husbandry, BSc, MSc, MBA, PhD.)  
**Deputy Vice-Chancellor,  
Administration, Finance & Development**



Prof. Robert K. Obura, PhD.  
(BSc, MSc, PhD.)  
**Deputy Vice-Chancellor,  
Academics & Research**



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



Ms. Sophia W. Muchiri  
(BBA, MBA, CPAK)  
**Finance Officer**



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

**CORE BUSINESS OF LAIKIPIA UNIVERSITY**

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

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

**STATEMENT FROM THE CHAIRMAN OF COUNCIL**

I am delighted to present the annual report and financial statements of Laikipia University for the year ended 30<sup>th</sup> June, 2014.

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

**Future Outlook**

Going forward, we will continue our growth strategy by expanding our business to transform the society. We will continue to support our satellite campuses to increase students' enrollment. In this regard, the University will continue to expand its facilities to accommodate more students.

**Appreciation**

Our results would not have been possible if it were not for the support we have received from our customers, government and other stakeholders. As the chairman, am indebted to my fellow Council members for their valuable support. I also wish to acknowledge the Senior Management and all staff for their dedication and commitment to the success of the University. Thank you.



Prof. Abdallah N. Said, PhD

**CHAIRMAN UNIVERSITY COUNCIL**

**STATEMENT FROM THE VICE CHANCELLOR**

I have the pleasure to present the annual report and financial statements for Laikipia University for the year ended 30th June, 2014

**Financial Review**

The University relies heavily on the Government financial support in form of capitation. This is mainly because over seventy percent of our students are Government supported and their direct fees are still low compared to the differentiated unit costs for the various programmes. In expansion of teaching facilities, the Government had promised to give Kes 154 million in 2013/2014 F.Y but only kes 131,513,126 were disbursed. This left us with a shortage of kes. 22,486,874, affecting plans to complete the facilities. The available funds have been used in the completion of lecture theatres, construction of new library and administration block, and the tuition block. These facilities will provide the much needed lecture rooms for the smooth running of the institution. The University also received a total of Kes 524,669,878 from the Government to finance its recurrent expenditure.

**Business Environment**

In our endeavour to meet customer expectations, we improved on our service charter with service level agreements. This not only will enable customers to know with precision what to expect from us, but also all staff will be able to deliver uniformity of quality service.

**Future Outlook**

Going forward, the strategies to sustain expansion and growth will include penetration in the market to increase the existing market share in Nyahururu, Naivasha, Nairobi and Mararal. At the same time, the University will continue to collaborate with other middle level colleges to achieve its mandate.

**Appreciation**

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government for its support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. Lastly, I would like to thank staff and students for their continued cooperation in this difficult task of building the University.



Prof. Francis K. Lelo, Ph.D

**VICE- CHANCELLOR**

## **CORPORATE GOVERNANCE AND ETHICS**

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

### **University Council**

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

### **Council Meetings**

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

### **Committees of the Council**

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

### **Audit Governance and Risk Management Committee**

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

- ❖ Review financial statements before submission to the University Council focusing on changes of accounting policies, compliance with the International Public Sector Accounting Standards and legal requirements ant the going concern assumption.
- ❖ Strengthen the effectiveness of the internal audit function.
- ❖ Maintain oversight on internal control systems
- ❖ Review and make recommendations regarding the University's budgets, financial plans and risk management.

**Finance, Investment and General Purposes Committee of Council**

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

**Human Resource Management Committee**

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

**Academic and Research Committee**

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

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Laikipia University is committed to serve students and society through research, education, scholarship, training, outreach and consultancy.

One of the functions of the University is to develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions. The University carried out two technological solutions to the community during the year under review. Going forward, the University intends to carry out three more technological solutions to the community. These include:-

- Hold a counseling seminar on financial management and skills to sportspersons.
- Establish an international collaboration on dry land farming
- Disseminate research findings

Laikipia University endeavors to support the less fortunate students in the University. The University allocated Kshs. 1,000,000 (One million only) for bursaries to the needy students.

In 2013/2014, a total of Kshs. 885,170 was also paid under the work study programme to assist the needy students.

## REPORT OF THE COUNCIL

The University Council submits this report together with the audited financial statements for the year ended June 30, 2013 which show the state of the Laikipia University's affairs.

**a. Principal activities**

The principal activities of Laikipia University is teaching & research

**b. Results for the Year**

The results of Laikipia University for the year ended June 30, 2014 are set out on pages 16-19.

**c. Directors**

The members of the University Council who served during the year are shown on page 5.

**d. Auditors**

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

By Order of the Council



Vice Chancellor

**Laikipia University**

Date: 26/8/2015

**STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS**

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 16 to 19 which comprise the statement of financial position for the year ended 30<sup>th</sup> June, 2014, statement of financial performance, statement of cash flow, statement of changes in reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

The University Council accepts the responsibility for the financial statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University as at 30<sup>th</sup> June 2014 and of its operating results.

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

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

**Approval of the Financial Statements**

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



Prof. Abdallah N. Said, PhD

**CHAIRMAN OF COUNCIL**



Prof. Francis K. Lelo, Ph.D

**VICE- CHANCELLOR**

# REPUBLIC OF KENYA

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Fax: +254-20-311482  
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Website: [www.kenao.go.ke](http://www.kenao.go.ke)

P.O. Box 30084-00100  
NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Laikipia University set out on pages 16 to 39, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in reserves, statement of cash flow and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and believe were, necessary for the purpose of the audit.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial 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 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**

As similarly reported in the previous year, the property, plant and equipment balance of Kshs.1,077,296,435 as at 30 June 2014 includes an amount of Kshs.194,835,000 representing the value of eighteen (18) parcels of land measuring 949,519 acres whose ownership documents have not been made available for audit verification despite the fact that allotment letters for the parcels were issued several years back. Further, the University had been allocated 5 acres of land by the defunct Municipal Council of Nyahururu, 100 acres by the defunct Town Council of Rumuruti and 600 acres by the defunct County Council of Samburu. However, ownership documents for these parcels of land were not made available for audit verification and their values are not included in the financial statement since they have not been valued.

In addition, although the University had a fixed asset register, it was not properly maintained and it lacked details on accumulated depreciation, location of the assets, revalued assets, serial numbers of the assets and asset number.

In the circumstances, it has not been possible to confirm the ownership of the parcels of land and that the property, plant and equipment balance of Kshs.1,077,296,435 as at 30 June 2014 is fairly stated.

#### **2. Accounts Receivables**

The statement of financial position shows that accounts receivables balance increased by Kshs.52,706,490 from Kshs.138,331,825 as at 30 June 2013 to Kshs.191,038,315 as at 30 June 2014. However, no provision for doubtful debts was made in these financial statements.

In the circumstances, the recoverability and accuracy of accounts receivables balance of Kshs.191,038,315 as at 30 June 2014 could not be confirmed.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Laikipia University as at 30 June 2014, 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 Universities Act, 2012.

### **Emphasis of Matter**

#### **Sustainability of Service**

I draw attention to Note 2(g) to the financial statements which describe the revenue reserves for the year.

During the year 2013/2014 the University recorded a deficit of Kshs.71,035,873 compared to a surplus of Kshs.9,951,923 reported in 2012/2013, which decreased the accumulated revenue reserves from surplus of Kshs.16,008,885 to negative Kshs.55,026,988 as at 30 June, 2014. Further, as at 30 June 2014, the current liabilities balance of Kshs.342,226,736 exceeded total current assets of Kshs.222,431,743 resulting to a negative working capital of Kshs.119,794,933. This is an indication that the University may be experiencing difficulties in settling maturing obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive support from the Government. My opinion is not qualified in respect of this matter.



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

**Nairobi**

**22 September 2015**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

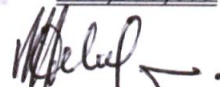
		<b>2014</b>	<b>2013</b>
<b>REVENUE</b>	<b>Notes</b>	<b>Kshs.</b>	<b>Kshs.</b>
Government Grants ( Recurrent)	3	524,669,878	447,608,000
Students' Fees	4	331,267,937	275,603,524
Other Incomes	5	23,401,896	18,235,134
<b>Total</b>		<b>879,339,710</b>	<b>741,446,658</b>
<b>EXPENDITURE</b>			
Staff Costs	6	680,950,902	481,710,609
Administrative Expenses	8	112,102,740	115,494,379
Academic & Research Expenses	9	108,379,350	90,895,566
Students Welfare	10	12,670,828	13,794,952
Council Expenses	11	7,743,016	6,608,512
Finance Charge	12	1,862,237	660,718
Depreciation	13	27,640,889	24,301,112
<b>Total</b>		<b>951,349,961</b>	<b>733,465,848</b>
<b>Operating Deficit</b>		<b>(72,010,251)</b>	<b>7,980,811</b>
<b>Other Service Units</b>			
Farm Profit	14	2,010,631	1,900,390
Catering Profit/Loss	15	(903,155)	(12,125)
Bookshop Profit	16	(133,098)	82,848
<b>Total Comprehensive Surplus/(Deficit)</b>		<b>(71,035,873)</b>	<b>9,951,923</b>

STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2014

	NOTES	2014 Kshs.	2013 Kshs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	17	13,555,377	9,995,286
Accounts Receivables	18	191,038,315	138,331,825
Inventories	19	17,838,051	19,096,863
<b>Total Current Assets</b>		<b>222,431,743</b>	<b>167,423,974</b>
<b>Non- Current Assets</b>			
Property, Plant and Equipment	20	1,077,296,435	924,099,839
Library Books	21	2,849,826	3,849,398
Intangible Assets (ERP Software)	22	9,329,220	8,429,220
Biological Assets	23	7,996,500	6,678,250
<b>Total Non- Current Assets</b>		<b>1,097,471,980</b>	<b>943,056,707</b>
<b>Total Assets</b>		<b>1,319,903,724</b>	<b>1,110,480,681</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Bank Overdraft	24	49,451,811	20,118,351
Accounts Payables	25 (i)	292,774,924	169,362,595
<b>Total Current Liabilities</b>		<b>342,226,736</b>	<b>189,480,947</b>
<b>Non-Current Liabilities</b>			
Long Term Liabilities	25(ii)	13,933,332	17,733,332
<b>Total Non- Current Liabilities</b>		<b>13,933,332</b>	<b>17,733,332</b>
<b>Total Liabilities</b>		<b>356,160,068</b>	<b>207,214,279</b>
<b>NET ASSETS</b>		<b><u>963,743,656</u></b>	<b><u>903,266,403</u></b>
<b>Financed By:</b>			
Capital Reserve		1,018,770,644	887,257,518
Revenue Reserves (Surplus)		(55,026,988)	16,008,885
Revaluation Reserve		0	0
<b>Total</b>		<b><u>963,743,656</u></b>	<b><u>903,266,403</u></b>



Prof. Abdullah N. Said, PhD.  
**CHAIRMAN OF COUNCIL**



Prof. Francis K. Lelo, PhD.  
**VICE CHANCELLOR**



Sophia W. Muchiri  
**FINANCE OFFICER**

**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

	<b>Capital Reserve Ksh.</b>	<b>Revenue Reserve Ksh.</b>	<b>Total Ksh.</b>
<b>As at 1st July, 2012</b>	656,771,756	6,056,962	662,828,718
Government Development Grants	230,485,762		230,485,762
Total Comprehensive Income	0	9,951,923	9,951,923
<b>As at 30th June, 2013</b>	<b>887,257,518</b>	<b>16,008,885</b>	<b>903,266,403</b>
<b>As at 1st July, 2013</b>	887,257,518	16,008,885	903,266,403
Government Development Grants	131,513,126		131,513,126
Total Comprehensive Income		(71,035,873)	(71,035,873)
<b>As at 30th June, 2014</b>	<b>1,018,770,644</b>	<b>(55,026,988)</b>	<b>963,743,656</b>

**STATEMENT OF CASHFLOW**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

	2014	2013
	Kshs.	Kshs.
<b>Operating Activities:</b>		
Surplus/Deficit	(71,035,873)	9,951,923
Revaluation of Assets	0	0
Gain on Disposal of Assets	(1,025,400)	(644,700)
Adjustment for Depreciation	27,640,889	24,301,112
<b>Operating surplus before working capital changes</b>	<b>(44,420,384)</b>	<b>33,608,335</b>
<b>Changes in Working Capital</b>		
Increase/Decrease in Receivables	(52,706,491)	(54,870,873)
Increase/Decrease in Inventories	1,258,813	(6,073,678)
Increase/Decrease in Payables	123,412,329	(35,411,116)
Increase/Decrease in Biological Assets	(1,318,250)	2,879,850
<b>Net changes in Working Capital</b>	<b>70,646,401</b>	<b>(93,475,817)</b>
<b>Net cash generated from operating Activities</b>	<b>26,226,016</b>	<b>(59,867,482)</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Non-Current Assets	(24,404,994)	(43,613,412)
Work in Progress	(156,332,918)	(186,081,591)
Proceeds from sale of Non-Current Assets	1,025,400	644,700
<b>Net cash used in investing Activities</b>	<b>(179,712,511)</b>	<b>(229,050,303)</b>
<b>Cash Flows from Financing Activities:</b>		
Government Development Grants	131,513,126	230,485,762
Proceeds from Long Term Liabilities		19,000,000
Repayments of Long Term borrowings	(3,800,000)	(1,266,668)
<b>Net cash generated from Financing Activities</b>	<b>127,713,126</b>	<b>248,219,094</b>
Increase/(decrease) in cash and Cash Equivalents	(25,773,369)	(40,698,691)
Cash & Cash Equivalents at Beginning of the Year	(10,123,065)	30,575,626
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>(35,896,434)</b>	<b>(10,123,065)</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR 2013/2014

	Approved 2013/2014	Budget	Adjustments 2013/2014	Revised Budget 2013/2014	Actual on Comparable Basis 2013/2014	Performance 2013/2014	Difference
<b>REVENUE</b>					Kshs.		
Government Grants ( Recurrent)	545,998,950.00		33,680,224.00	579,679,174.00	524,669,878		(55,009,296.00)
Students' Fees	351,500,000.00			351,500,000.00	331,267,937		(20,232,063.15)
Other Incomes	21,712,000.00			21,712,000.00	23,401,896		1,689,895.60
<b>Total</b>	<b>919,210,950.00</b>		<b>33,680,224.00</b>	<b>952,891,174.00</b>	<b>879,339,710.45</b>		<b>(73,551,463.55)</b>
<b>EXPENDITURE</b>							
Staff Costs	639,899,869.00		26,373,679.00	666,273,548.00	680,950,902		14,677,353.78
Administrative Expenses	130,349,000.00		8,032,918.00	138,381,918.00	112,102,740		(26,279,178.13)
Academic & Research Expenses	110,200,000.00		44,715,778.00	154,915,778.00	108,379,350		(46,536,427.70)
Students Welfare	20,100,000.00		-	20,100,000.00	12,670,828		(7,429,172.30)
Council Expenses	6,000,000.00		(1,500,000.00)	4,500,000.00	7,743,016		3,243,016.30
Finance Charge	4,200,000.00		-	4,200,000.00	1,862,237		(2,337,763.00)
Depreciation	15,000,000.00		-	15,000,000.00	27,640,889		12,640,888.53
<b>Total</b>	<b>925,748,869.00</b>		<b>77,622,375.00</b>	<b>1,003,371,244.00</b>	<b>951,349,961.48</b>		<b>(52,021,282.52)</b>
<b>Operating Deficit</b>	<b>(6,537,919.00)</b>		<b>(43,942,151.00)</b>	<b>(50,480,070.00)</b>	<b>(72,010,251.03)</b>		<b>(21,530,181.03)</b>
<b>Other Service Units</b>							
Farm Profit	-		-	-	2,010,631		(2,010,631.40)
Catering Profit/Loss	-		-	-	(903,155)		903,155.00
Bookshop Profit	-		-	-	(133,098)		133,098.00
<b>Total Comprehensive Surplus/(Deficit)</b>	<b>(6,537,919.00)</b>		<b>(43,942,151.00)</b>	<b>(50,480,070.00)</b>	<b>(71,035,872.63)</b>		<b>(22,504,559.43)</b>
<b>ADD: Other Receipts (Non P&amp;L)</b>							
Government Grants ( Capital)	154,000,000.00			154,000,000.00	131,513,126		(22,486,874.00)
Receipts from Debtors	41,658,069.00			41,658,069.00	36,961,279		(4,696,790.00)
Deficit Financing- Bank Loan	100,000,000.00			100,000,000.00			(100,000,000.00)
	<b>295,658,069.00</b>		<b>-</b>	<b>295,658,069.00</b>	<b>168,474,405.00</b>		<b>(127,183,664.00)</b>
<b>LESS: Other Payments (Non P&amp;L)</b>							
Plant & Equipment	133,500,000.00		(6,870,209.00)	126,629,791.00	23,121,068		(103,508,723.25)
Capital Development	154,000,000.00		-	154,000,000.00	156,332,918		2,332,917.85
Debt Management	101,000,000.00		(7,000,000.00)	94,000,000.00	77,052,209		(16,947,790.96)
	<b>388,500,000.00</b>		<b>(13,870,209.00)</b>	<b>374,629,791.00</b>	<b>256,506,194.64</b>		<b>(118,123,596.36)</b>
<b>Surplus/Deficit for the Year</b>	<b>(99,379,850.00)</b>		<b>(30,071,942.00)</b>	<b>(129,451,792.00)</b>	<b>(159,067,662.27)</b>		<b>(31,564,627.07)</b>

**Notes to the Financial Statements**  
**For the Year Ended 30 June, 2014.**

**1. Statement of Compliance and Basis of Preparation – IPSAS 1**

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

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

**2. Summary of Significant Accounting Policies**

**a. Revenue Recognition**

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

**i. Government Grants**

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

**ii. Tuition and Fees**

Revenue from tuition and fees are recognized prorata over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular year

**iii. Other incomes**

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

**b. Budget Information – IPSAS 24**

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

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

**c. Property, Plant and Equipment – IPSAS 17**

Property, plant and equipment are stated at cost less accumulated depreciation and recognized impairment loss. Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation.

The annual rates used are as follows:-

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

**d. Intangible Assets – IPSAS 31**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

**e. Inventories – IPSAS12**

Inventories are stated at the lower of cost or net realizable value. Costs include direct materials and where applicable direct labour and those direct overheads that have been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

**f. Provisions – IPSAS 19**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Contingent liabilities**

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

**Contingent assets**

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

**g. Reserves – IPSAS 1**

Laikipia University maintains two types of reserves as indicated on the Statement of changes in reserves of the financial statements. The reserves are capital and revenue reserves. During the financial year under review, the University had capital and revenue reserves' balance of Kes. 1,018,770,644 and Kes. -55,026,988 respectively.

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

**h. Employee Benefits – IPSAS 25**

**Retirement Benefit Costs**

Laikipia University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an entity 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.

Laikipia University jointly with Egerton, Kisii and Chuka Universities operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University. The University also contributes to the National Social Security Fund (NSSF). Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University are charged to the income statement during the year in which they relate

**i. Related Parties – IPSAS 20**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of the University Management Board are regarded as related parties and comprise of the Vice Chancellor, Deputy Vice Chancellor (AFD), Deputy Vice Chancellor (A&R), Registrar (Administration), Registrar (Academic) and Finance Officer.

The Government of Kenya is also a related party to the University especially in terms of financing and policies. During the year under review, the National Government through the Ministry of Education, Science and Technology disbursed Kes. 524,669,878 for recurrent expenditure and Kes. 131,513,126 for capital expenditure

The other related party to the University is the Laikipia County in terms of financing through CDF.

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

**j. Financial instruments disclosures – IPSAS 30**

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. During the year under review, Laikipia University did not have any financial instrument.

As regards to financial risks, the University was faced with liquidity risk as evidenced by the negative working capital. This impacted heavily on meeting University obligations especially to payment of creditors with an increasing trend from kes. 169,362,595 in 2012/2013 F.Y. to kes. 292,774,924 in 2013/2014 F.Y.

**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.

**l. Comparative figures**

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

**m. Receivables**

Receivables are recognized at their nominal value as reduced by appropriate allowances

**n. Biological Assets**

Livestock are valued at the prevailing market rates.

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

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

Where:

**V<sub>c</sub>** – Value of crop

**YP** – Yield Potential of the crop

**D** – Age in Days

**SP** – Selling Price per 90-Kg Bag

**A** – Area in Acres

**MP** – Maturity Period

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

**o. Bad and doubtful debts**

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps taken to recover them are without success

**p. Research and Development**

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

**q. Cash and Cash Equivalents**

These are defined as cash on hand, bank balances, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and are not subject to any risks and changes in value.

For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments.

**r. Interest on Loans**

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

**s. Tax Exemption**

The entity by virtue of being a public university and classified under the Public Benefit Organizations (PBOs) have been exempted from income tax. PBOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

<b>3</b>	<b>Government Grants</b>	<b>Kshs.</b>	<b>Kshs.</b>
50050	GOK Recurrent	524,669,878	447,608,000
	<b>Sub-Total</b>	<b>524,669,878</b>	<b>447,608,000</b>
<b>4</b>	<b>FEES</b>	<b>Kshs.</b>	<b>Kshs.</b>
50010	Students ID	973,700	783,300
50060	Examination Fee	12,896,910	10,192,043
50065	Application Fee	1,910,420	2,004,600
50070	Registration	3,721,690	3,443,100
50072	Activity Fee	4,136,100	3,142,300
50075	Convocation Fee	2,997,036	69,700
50085	Academic Transcripts	30,800	19,800
50200	Library Fee	7,014,723	5,705,833
50290	Accommodation	6,303,300	5,341,634
50600	Tuition	270,654,242	227,720,284
50615	Conference Charges	626,675	2,167,820
50620	Students Medical Fee	5,663,984	4,814,110
50625	Computer Charges	147,267	78,800
50630	Material Development	10,299,000	8,597,000
50655	Students Supervision Fee	2,431,100	1,523,200
50655	Laboratory Charges	1,460,990	0
	<b>Sub-Total</b>	<b>331,267,937</b>	<b>275,603,524</b>
<b>5</b>	<b>Other Income</b>	<b>Kshs.</b>	<b>Kshs.</b>
50015	Miscellaneous Income	159,276	510,640
50030	Medical Charges	460,584	717,795
50040	Collaboration Income	19,113,824	8,829,310
50090	Gain on Disposal of Assets	1,025,400	644,700
50180	Library Fines	31,212	75,527
50185	LUC Marathon	1,530,200	207,200
50640	Rent Income	669,200	737,600
50650	Grants & Donations	15,000	6,011,112
50810	Tendering Income	397,200	237,300
50935	Interest Income on Fixed Deposits	0	263,951
	<b>Sub-Total</b>	<b>23,401,896</b>	<b>18,235,134</b>

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

6	Staff Costs	Kshs.	Kshs.
70010	Basic salary	339,394,653	229,540,020
70020	NSSF (Employer)	729,800	735,200
70025	Medical Allowances	8,498,102	8,056,260
70030	Gratuity & Pension (Employer)	42,341,648	29,256,646
70040	House Allowance	158,428,528	130,293,250
70045	Other Personal Allow	51,916,482	27,257,769
70060	Leave Travel	2,922,155	2,240,462
70090	Commuting Allowance	46,959,862	35,758,576
70100	Casual Labour	2,664,082	1,096,492
70160	Passage & Baggage	1,246,514	1,288,499
70210	Staff Development/Training	120,550	175,600
70295	Group Life insurance	3,383,190	2,525,998
70380	Staff Funeral Exp	267,650	243,700
70850	Staff (Dental & Optical) Exp	943,210	723,819
71030	Staff Med Exp (Hospitalization)	19,286,475	11,418,406
71620	Staff Welfare	0	469,200
71900	Staff Education Fund	0	630,712
71905	Tuition Fee Waiver	1,848,000	0
	<b>Sub Total</b>	<b>680,950,902</b>	<b>481,710,609</b>

7. Remuneration of University Management

	2013/2014 Kshs	2012/2013 Kshs
Vice Chancellor	12,731,693.05	8,059,562.50
Deputy Vice Chancellor - AFD	10,768,798.55	5,388,038.10
Deputy Vice Chancellor - A&R	11,293,836.35	5,460,143.10
Registrar Adm.	5,889,616.00	3,395,081.00
Registrar A&R	5,769,586.00	3,395,081.00
Finance Officer	5,946,460.00	3,437,831.00
<b>Total</b>	<b>52,399,989.95</b>	<b>29,135,736.70</b>

**Notes to the Financial Statements (Continued)****For the Year Ended 30 June, 2014.**

<b>8</b>	<b>Administrative Expenses</b>	<b>Kshs.</b>	<b>Kshs.</b>
70110	Travel & Subsistence	17,041,441	17,870,294
70120	Office Stationery	4,454,413	4,645,519
70125	Photocopying Expenses	296,187	505,943
70130	Publishing & Printing	1,405,290	1,457,607
70140	Advertising & Publicity	5,518,979	6,699,769
70150	Postage & Telephone	1,989,274	1,936,102
70170	Electricity Expenses	15,631,906	16,018,173
70180	Official Entertainment	657,043	2,176,527
70190	General Repairs	12,803,569	12,138,170
70205	Revaluation of Assets	408,000	0
70230	Vehicles Insurance	98,383	1,838,137
70240	Cleaning Materials	408,970	1,662,767
70250	Staff Uniforms	524,764	321,332
70280	Bank Charges	3,176,185	1,487,108
70290	General Insurance -Property	1,395,427	420,281
70300	Legal Charges	2,229,900	593,235
70320	Computer charges & Stationery	3,922,540	3,198,907
70350	Audit Fees	696,000	696,000
70420	Rents & Rates	23,760,802	17,152,777
70445	External Travel (NTS)	187,572	389,255
70500	Vehicle repairs	3,496,163	2,857,989
70645	Transport operating Exp	4,065,548	3,340,566
70655	Machinery repairs	19,520	24,800
70815	Tendering Expenses	82,500	210,274
71055	Cleaning & Sanitary Services	463,250	1,135,847
71110	Maintenance of water & Sewerage	1,348,184	653,446
71152	Contracted Professional Services	937,645	1,066,250
71350	Office Running Expenses	2,245,682	1,219,895
71521	Detergent Expenses	298,384	0
71509	Charter Launch	832,120	12,178,705
71715	Performance Contracting	1,607,500	1,463,005
71790	Public Celebrations	43,000	135,700
72017	Automation Expenses	56,600	0
	<b>Sub Total</b>	<b>112,102,740</b>	<b>115,494,379</b>

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

9	Academic & Research	Kshs.	Kshs.
70070	SSP Admin. Costs (Honorarium)	67,872,254	53,169,072
70145	Collaboration Expenses	479,019	159,175
70310	Grants & Donations (Bursary)	722,000	530,000
70321	Internet Services	8,468,462	3,201,414
70335	Scholarship Funds	0	0
70355	Research Programmes	1,027,650	2,425,896
70375	Senate Expenses	130,985	78,570
70455	Conference & Seminars	3,429,641	3,204,134
70480	Subscription to Journals & DSTV	40,250	0
70505	Teaching Materials	1,938,310	1,405,741
70510	Examination Stationery	1,520,227	230,010
70515	Laboratory Materials & Reagents	475,317	703,137
70520	Graduation Expenses	6,723,068	617,271
70530	Subsistence (Part Timers)	1,637,720	11,179,516
70535	Subsistence (External Examiners)	299,475	1,195,129
70550	Library Expenses	45,000	193,435
70565	Newspapers, Journals & Videos	1,751,895	1,507,995
71506	Academic Field Trips	803,439	3,473,316
71511	Academic Exhibitions	457,147	688,027
71805	Expenses of Boards & Committee	2,439,716	1,111,383
71980	Teaching Practice	8,117,776	5,822,345
	<b>Sub Total</b>	<b>108,379,350</b>	<b>90,895,566</b>

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

<b>10</b>	<b>Students Welfare</b>	<b>Kshs.</b>	<b>Kshs.</b>
70440	LUC Marathon	3,699,844	3,275,299
70860	Students Medical Supplies	3,144,439	4,036,790
70950	Students Miscellaneous A/c	3,352,377	2,750,560
71498	Students Work-study	885,170	111,850
71517	Drama Festivals & Cultural Week	56,748	368,917
71519	Students' Counseling Expenses	284,700	579,199
71560	Games Exp. (Inter Universities)	1,247,550	2,672,338
	<b>Sub Total</b>	<b>12,670,828</b>	<b>13,794,952</b>
<b>11</b>	<b>Council Expenses</b>	<b>Kshs.</b>	<b>Kshs.</b>
71800	Sitting Allowance	3,200,000	2,940,000
71800	Mileage Allowance	1,332,016	1,427,798
71800	Accommodation Expenses	767,000	134,000
71800	Lunch Allowance	200,000	988,000
71800	Honorarium	2,244,000	1,118,714
	<b>Sub Total</b>	<b>7,743,016</b>	<b>6,608,512</b>
<b>12</b>	<b>Finance Charge</b>	<b>Kshs.</b>	<b>Kshs.</b>
71520	Loan Interest	1,862,237	660,718
	<b>Sub Total</b>	<b>1,862,237</b>	<b>660,718</b>
<b>13</b>	<b>Depreciation</b>	<b>Kshs.</b>	<b>Kshs.</b>
72018	Property, Plant & Equipment	26,257,390	22,777,727
72018	Library Books	1,383,499	1,523,385
	<b>Sub Total</b>	<b>27,640,889</b>	<b>24,301,112</b>

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

14 FARM TRADING, PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 2014

Details	2014 Kshs.	2013 Kshs.
Sales	3,613,399	6,423,310
Cost of Sales	843,183	3,691,721
<b>Gross Profit</b>	<b>2,770,216</b>	<b>2,731,590</b>
Expenses	759,585	831,200
<b>Net Profit</b>	<b>2,010,631</b>	<b>1,900,390</b>

15 CATERING TRADING, PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 2014

Details	2014 Kshs.	2013 Kshs.
Sales	9,629,712	11,007,836
Cost of Sales	10,094,597	10,755,361
<b>Gross Profit</b>	<b>(464,885)</b>	<b>252,474</b>
Expenses	438,270	264,599
<b>Net Profit</b>	<b>(903,155)</b>	<b>(12,125)</b>

16 BOOKSHOP TRADING, PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 2014

Details	2014 Kshs.	2013 Kshs.
Sales	981,470	1,205,914
Cost of Sales	1,079,720	1,115,846
<b>Gross Profit</b>	<b>(98,250)</b>	<b>90,068</b>
Expenses	34,848	7,220
<b>Net Profit</b>	<b>(133,098)</b>	<b>82,848</b>

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

17 Cash & Cash Equivalents

<b>Bank Balances</b>	<b>2014</b>	<b>2013</b>
<b>Account</b>	<b>Kshs.</b>	<b>Kshs.</b>
KCB Nakuru A/c	2,982,538	0
KCB Farm A/c	1,480,908	489,797
KCB Catering A/c	271,770	537,216
KCB Development A/c	2,928,700	1,986,944
KCB Research A/c	421,909	39
KCB - CDF Account	0	250
KCB - Mararal CDF Account	59,062	4,021,446
KCB - Mararal Fees Account	836,409	40,198
Co-operative Bank Fees A/c 702	871,496	0
Co-operative Bank Nyahururu Fees A/c 71600	2,087,222	860,559
Co-operative Bank - Marathon Account	869	828,964
Co-operative Bank - Gratuity/Caution Money A/c	840,236	814,988
Equity Bank A/c	673,753	379,573
<b>Total</b>	<b>13,454,871</b>	<b>9,959,973</b>
<b>Cash in Hand</b>	<b>100,506</b>	<b>35,313</b>
<b>Total</b>	<b>13,555,377</b>	<b>9,995,286</b>

Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

18 ACCOUNTS RECEIVABLES	2014	2013
Details	Kshs.	Kshs.
Students' Fee Balances	132,467,714	94,900,245
Fee Receivable EU	1,862,823	1,862,823
G.O.K. Capitation	36,110,798	32,709,000
Farm Debtors	420,509	644,087
Bookshop Debtors	40,290	49,883
Medical Debtors	718,450	829,477
Salary Advance	247,037	427,094
Leasehold	524,550	415,900
Un-surrendered Imprests	13,702,740	2,989,637
General Debtors	691,500	0
Pre-payments( Electricity & Water Deposits)	4,251,904	3,239,904
Pre-paid Student Union Fund		263,775
<b>Grand Totals</b>	<b>191,038,315</b>	<b>138,331,825</b>

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

## 19 Inventory Stores Summary By Classification As At 30th June 2014

Inventories	2014	2013
	Kshs.	Kshs.
Animal Feeds	1,348,097	0
Chemicals & Fertilizers	606,489	438,331
Cleaning Materials	1,096,627	1,394,246
Dry Foodstuff	77,611	649,546
Perishable Foodstuff	16,270	102,751
Med. Lab. Reagents	105,947	111,778
Medical Drugs	3,353,452	1,890,874
Science Lab. Reagents	1,623,698	829,457
Science Lab. Apparatus	694,103	1,084,840
Masonry Materials	740,103	1,380,758
Painting Materials	694,883	1,151,131
Plumbing Materials	304,803	594,688
Welding Materials	1,833,519	2,715,274
Carpentry Materials	1,339,294	1,273,639
Electrical Appliances	378,895	1,127,155
Harvested crop/Seeds	70,634	338,274
Stationery	2,012,741	2,297,781
Textbooks for Resale	280,124	488,848
Gift Shop Items	175,031	0
Tools & Spare parts	881,335	978,525
Diesel/ Lubricants	123,165	138,879
Vet Drugs	81,230	110,090
<b>Total</b>	<b>17,838,051</b>	<b>19,096,863</b>

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

20

**PROPERTY, PLANT & EQUIPMENT**

<b>Cost/Valuation</b>	<b>Land</b>	<b>Buildings</b>	<b>Work-in-Process</b>	<b>Plant Machinery &amp; Tractors</b>	<b>Motor Vehicles</b>	<b>Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Computer &amp; Accessories</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As at 1st July, 2012	194,835,000	259,113,430	329,586,248	10,558,583	19,692,941	45,005,688	15,780,572	25,070,502	899,642,963
Disposal					2,982,420				2,982,420
Additions	0	0	186,081,591	236,640	19,000,000	4,722,300	1,366,715	6,700,524	218,107,770
<b>As at 30th June, 2013</b>	<b>194,835,000</b>	<b>259,113,430</b>	<b>515,667,839</b>	<b>10,795,223</b>	<b>35,710,521</b>	<b>49,727,988</b>	<b>17,147,287</b>	<b>31,771,026</b>	<b>1,114,768,313</b>
<b>Accumulated Depreciation</b>									
As at 1st July, 2012	0	83,365,892	0	4,433,013	15,684,248	39,034,530	10,720,384	17,635,100	170,873,168
Accumulated Depreciation on Assets Disposed					2,982,420				2,982,420
Depreciation Charge for the Year	0	6,477,836	0	713,421	6,304,256	3,463,786	1,528,282	4,290,145	22,777,727
<b>As at 30th June, 2013</b>	<b>0</b>	<b>89,843,728</b>	<b>0</b>	<b>5,146,435</b>	<b>19,006,084</b>	<b>42,498,316</b>	<b>12,248,667</b>	<b>21,925,245</b>	<b>190,668,475</b>
<b>Net Book Value as at 30th June, 2013</b>	<b>194,835,000</b>	<b>169,269,702</b>	<b>515,667,839</b>	<b>5,648,788</b>	<b>16,704,437</b>	<b>7,229,671</b>	<b>4,898,620</b>	<b>9,845,781</b>	<b>924,099,839</b>
<b>Cost/Valuation</b>									
As at 1st July, 2013	194,835,000	259,113,430	515,667,839	10,795,223	35,710,521	49,727,988	17,147,287	31,771,026	1,114,768,313
Disposal					1,600,000				1,600,000
Additions	0	0	156,332,918	0	6,129,791	6,371,016	5,447,149	5,173,112	179,453,986
As at 30th June, 2014	194,835,000	259,113,430	672,000,757	10,795,223	40,240,312	56,099,003	22,594,436	36,944,138	1,292,622,299
<b>Accumulated Depreciation</b>									
As at 1st July, 2013	0	89,843,728	0	5,146,435	19,006,084	42,498,316	12,248,667	21,925,245	190,668,475
Accumulated Depreciation on Assets Disposed					1,600,000				1,600,000
Depreciation Charge for the Year	0	6,477,836	0	713,421	7,836,704	4,528,864	2,033,172	4,667,394	26,257,390
<b>As at 30th June, 2014</b>	<b>0</b>	<b>96,321,564</b>	<b>0</b>	<b>5,859,856</b>	<b>25,242,788</b>	<b>47,027,180</b>	<b>14,281,838</b>	<b>26,592,639</b>	<b>215,325,864</b>
<b>Net Book Value as at 30th June, 2014</b>	<b>194,835,000</b>	<b>162,791,866</b>	<b>672,000,757</b>	<b>4,935,367</b>	<b>14,997,524</b>	<b>9,071,823</b>	<b>8,312,598</b>	<b>10,351,499</b>	<b>1,077,296,435</b>

62

**Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June, 2014.**

**21 Non-Current Assets - Library Books**

<b>2012/2013</b>	<b>Library books</b>	<b>Total</b>
<b>Cost/Valuation</b>	<b>Kshs</b>	<b>Kshs</b>
As at 1st July, 2012	10,533,574	10,533,574
Disposal		0
Additions	3,158,013	3,158,013
<b>As at 30th June, 2013</b>	<b>13,691,586</b>	<b>13,691,586</b>
<b>Accumulated Depreciation</b>		0
As at 1st July, 2012	8,318,803	8,318,803
Accumulated Depreciation on Assets Disposed		0
Depreciation Charge for the Year	1,523,385	1,523,385
<b>As at 30th June, 2013</b>	<b>9,842,188</b>	<b>9,842,188</b>
<b>Net Book Value as at 30th June, 2013</b>	<b>3,849,398</b>	<b>3,849,398</b>
<b>2013/2014</b>		
<b>Cost/Valuation</b>		
As at 1st July, 2013	13,691,586	13,691,586
Disposal		0
Additions	383,926	383,926
<b>As at 30th June, 2014</b>	<b>14,075,512</b>	<b>14,075,512</b>
<b>Accumulated Depreciation</b>		0
As at 1st July, 2013	9,842,188	9,842,188
Accumulated Depreciation on Assets Disposed		0
Depreciation Charge for the Year	1,383,499	1,383,499
As at 30th June, 2014	11,225,687	<b>11,225,687</b>
<b>Net Book Value as at 30th June, 2014</b>	<b>2,849,826</b>	<b>2,849,826</b>

37

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June, 2014.

## 22 Intangible Assets

Cost/Valuation	ERP Software
	Kshs
As at 1st July, 2012	8,429,220
Additions	0
<b>As at 30th June, 2013</b>	<b>8,429,220</b>
<b>Accumulated Amortization</b>	
As at 1st July, 2012	0
Amortization Charge for the Year	0
<b>As at 30th June, 2013</b>	<b>0</b>
<b>Net Book Value as at 30th June, 2013</b>	<b>8,429,220</b>
<b>Cost/Valuation</b>	
As at 1st July, 2013	8,429,220
Additions	900,000
As at 30th June, 2014	<b>9,329,220</b>
<b>Accumulated Amortization</b>	
As at 1st July, 2013	0
Amortization Charge for the Year	0
<b>As at 30th June, 2014</b>	<b>0</b>
<b>Net Book Value as at 30th June, 2014</b>	<b>9,329,220</b>

23 Biological Assets	2014	2013
Detail	Kshs.	Kshs.
Cattle	4,802,500	3,700,500
Silage Maize Crop	0	546,875
Oats	0	637,875
Boma Rhodes in Field	2,560,000	1,393,000
Tree Nursery seedlings	634,000	400,000
<b>Total</b>	<b>7,996,500</b>	<b>6,678,250</b>

**Notes to the Financial Statements (Continued)**  
**For the Year Ended 30 June, 2014.**

**24 OVERDRAFT**

<b>Account</b>	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
KCB Nyahururu Main Account	49,050,953	16,324,192
Co-operative Bank Fees Account	0	3,030,412
KCB Nakuru Account	0	302,742
Co-operative Bank Naivasha Account	130,332	353,447
KCB Bookshop Account	270,527	107,560
<b>Grand Total</b>	<b>49,451,811</b>	<b>20,118,351</b>

**25 ACCOUNTS PAYABLES****(i) Short term Payables**

<b>Details</b>	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Trade Payables	60,620,496	25,968,082
Audit Fees Payable	1,392,000	1,392,000
Contractors -Capital Projects	100,484,260	70,800,124
SSP Service providers	29,982,471	24,422,233
Part- time Lecturers	0	302,850
Students Caution Money	12,329,000	8,380,000
Prepaid Tuition (Excess)	19,392,165	10,561,847
Students' Union Account	214,193	0
Salary deductions payable	65,171,144	26,858,448
Basic & House Allowances Payable	1,478,968	0
Staff Over-Recoveries	515,678	0
Staff Gratuity Payable		194,808
Staff Medical Claims (Dental & Optical)	394,820	114,500
Other staff claims (Mileage & Sub)	799,729	367,704
<b>Grand Totals</b>	<b>292,774,924</b>	<b>169,362,595</b>

**(ii) Long term Payables**

	<b>Kshs.</b>	<b>Kshs.</b>
Equity Bank Loan	13,933,332	17,733,332
<b>Total</b>	<b>13,933,332</b>	<b>17,733,332</b>

