

Paper laid  
By Hon Aden Duale,  
Leader of Majority, on  
This 17/10/13



21 JUL 2014

# Kibabii University College

*(A Constituent College of Masinde Muliro  
University Of Science And Technology)*

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

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

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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) BACKGROUND INFORMATION

The University College is a body corporate established in Kenya under Kibabii University College Order Number 115 of 12<sup>th</sup> August, 2011. The Strategic Plan 2012-2017, reaffirms the mandate of Kibabii University College to provide facilities for university education, research, enhancement of knowledge and to stimulate the intellect. In addition, the University College undertakes to contribute to industrial and technological development through innovation and technology transfer as well as foster the general welfare of staff, students and the community.

The University College has embarked on setting up its own systems, structures and policies. It is however faced with immense challenges including stalled projects, inadequate water supply and shortage of accommodation as well as staff in the face of increasing enrolment of students. The University College requires support in order to meet its mandate and accomplish its mission and vision.

### (b) PRINCIPAL ACTIVITIES

The mandates of Kibabii University College, as contained in the Legal Notice No. 115 of August 2011 are;

- (I) To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- (ii) To participate in the research, transmission and preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- (iii) To provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower needs;
- (iv) To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University College;
- (v) To examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, degree courses and subjects of study;
- (vi) To play a leading role in the development and expansion of the opportunities for higher education and research;
- (vii) To contribute to industrial and technological developments through innovations and technology transfer;
- (viii) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, Innovation, research, and consultancy services;
- (ix) To participate in commercial ventures and other activities for the benefit of the institution, the community and stakeholders;
- (x) To contribute to agriculture, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;

- (xi) To develop and provide educational , cultural, professional, technical and vocational services to the community and in particular foster corporate social responsibility and the practical arts;
- (xii) To provide programmes, products and services in ways that reflect the principles of equity and social justice;
- (xiii) To facilitate student mobility between different programmes at different training institutions , universities and industry; and
- (xiv) To foster the general welfare of all staff and students.

## PHILOSOPHY

Kibabii University College embodies the view that Science, Technology and Innovation are critical for sustainable utilization of material and human resources for the posterity of the universe.

## VISION

To be a global and dynamic University of excellence in Science, Technology and Innovation.

## MISSION

To achieve excellence in generation, transmission and enhancement of new knowledge in Science, Technology and Innovation through quality Teaching, Research, Training, Scholarship, Consultancy and Outreach programmes.

## MOTTO

Knowledge for Development

## CORE VALUES

To undertake its mission and realize its vision, Kibabii University College upholds the following values:-

**Productivity** - The University College shall strive to produce well trained and qualified graduates.

**Professionalism** -The University College Staff shall conduct themselves with decorum and adhere to professional ethics.

**Excellence** - The University College shall ensure quality teaching research and provision of excellence in teaching, research and provision of service to the public.

**Accountability and Transparency** - The University College Staff shall explain the rationale of activities done and avoid any actions that might border on any malpractice.

**Equity** - The University College Management shall ensure that there are equal opportunities for all without any form of discrimination, be it gender, race, disability, age, religion or ethnicity.

**Integrity** - The University College staff shall have common decorum reflected in their personal appearances, interactions and conducts.

**Academic freedom** - The University College shall encourage the spirit of free and critical thought, and reflective inquiry among students and staff.

**Social responsibility** - The University College shall promote awareness and provide leadership in responding to issues and problems affecting the society.

**Innovation** - The University College shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

**Respect for human rights** - The University College shall ensure that constitutional rights of all staff and students are upheld.

**(a) KEY MANAGEMENT**

The Kibabii University College's day-to-day management is under the following key organs:

- University College Council
- University College Management Board
- Academic Board
- Deans Committee

**(b) FIDUCIARY MANAGEMENT**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	Prof. Isaac Ipara Odeo
2.	Deputy Principal (Planning, Administration and Finance)	Prof. Shem O. Aywa
3.	Deputy Principal (Academic, Research and Extension)	Prof. Solomon I. Shibairo
4.	Deputy Finance Officer	Benjamin M. Oduori
5.	Senior Assistant Registrar (Administration)	David B. Namasaka

**(c) REGISTERED OFFICE**

Kibabii University College  
Off Bungoma-Chwele Road  
P. O. Box 1699 – 50200,  
BUNGOMA.  
Tel. 020-2028660/0708-0859934/0734-831729  
Email: enquiries@kibabiiuniversity.ac.ke

**(d) ENTITY CONTACTS**

Telephone: (254) 020-2028660/0708-0859934/0734-831729  
E-mail: enquiries@kibabiiuniversity.ac.ke  
Website: www.kibabiiuniversity.ac.ke

**(e) ENTITY BANKERS**

1. Kenya Commercial Bank  
Bungoma Branch  
P. O. Box 380, 50200  
BUNGOMA
2. Barclays Bank Limited  
Bungoma Branch  
P. O. Box 91, 50200  
BUNGOMA
3. Standard Chartered Bank Kenya Limited  
Bungoma Branch  
P. O. Box 2531, 50200  
BUNGOMA
4. Equity Bank Limited  
Bungoma Branch  
P. O. Box 2450 - 50200  
BUNGOMA
5. National Bank of Kenya Limited  
Bungoma Branch  
P. O. Box 25 - 50200  
BUNGOMA





**(f) INDEPENDENT AUDITORS**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P. O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(g) PRINCIPAL LEGAL ADVISER**

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

## 11. MEMBERS OF THE UNIVERSITY COLLEGE COUNCIL

 <p><b>Prof. Shem Migot Adholla, EBS, 72, Chairman</b> B.A (Hons), University of East Africa-Dar es Salaam, M.A (Sociology)-University of California, Ph.D (Sociology of Development)-University of California</p>	<p>Joined in 2013 as the Chairman of Council. He has wide experience in land policy, agriculture, rural development and environmental issues from across the world having served in various capacities in the World Bank and the Kenyan Government as Permanent Secretary in the Ministry of Agriculture and Rural Development.</p>
 <p><b>Prof. Isaac Ipara Odeo, 59, College Principal</b> B.ED (Arts) (UON), M.ED (Kenyatta University), Ph.D (Moi University)</p>	<p>Joined in 2013 as the Principal and Secretary of Council. He is an educationist with over 25 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
 <p><b>Mrs. Connie Okwisa Mogaka, 61, Member</b> M.A in Sociology, Jawaharlal Nehru University, Higher Dip (Professional Counseling), (KAPC) PGDE (NIEPA), B.ED (UoN)</p>	<p>Joined in 2013 as a Member of Council. She has wide experience in education matters having served the Government of Kenya as a PDE, Senior Assistant Director of Education, National Coordinator for Early Childhood Development, Education Attach to New Delhi India and a consultant at the Aga Khan Foundation (EA).</p>
 <p><b>Dr. Mary Wanjiku Gikungu, 49, Member</b> PhD in Mathematics and Natural Science (University of Bonn, Germany, MSc. in Biology of Conservation, University of Nairobi, BSc. in Botany and Zoology, University of Nairobi</p>	<p>Joined in 2013 as a Council Member. Dr Gikungu has over 23 years experience as a research scientist. Currently, She is a Senior Research Scientist and Head of centre for Bee Biology and Pollination at the National Museums of Kenya.</p>
 <p><b>Mr. Lawrence Omuhaka, 44, Member</b> MBA in Human Resource, Kenyatta University B.ED (Arts), University of Nairobi</p>	<p>Joined in 2013 as a Council Member. He is a seasoned teacher and human resource management professional. His experience spans to over 14 years. Currently, he is the Head of human resource, Kakamega County Government.</p>



**Dr. Nicodemus Ojuma Anyang, 49, Member**

PhD in Educational Administration, Moi University  
MEd, Kenyatta University, BEd (Arts), Kenyatta University

Dr. Anyang joined in 2013 as a Council Member. He has over 10 years experience in education management. Currently, he is the Turkana County Director of Education.



**Miss Cheptoo Caroline Irene, 33, Member**

Master of Art in Social Ministry with Specialization in Governance, Catholic University of Eastern Africa  
PGD in Gender and Development Studies, University of Nairobi, BA in Philosophy and Sociology, Catholic University of Eastern Africa

Ms Cheptoo joined in 2013 as a Council Member. She has over 7 years experience as a research associate. Currently, She is the Secretary/CEO West Pokot County Service Board.



**Mr. David N. Watene, 47, Principal Secretary, Rep. PS., Ex-Officio Members Ministry of Education, Science and Technology PS Representative, Ministry of Education, Science and Technology. M.ED (Administration & Planning), U.O.N, Kenya (2007), B.ED (Arts, Accounting & Economics), U.O.N, Kenya (2004)**






Mr. Watene joined in 2013 as a Council Member representing the Permanent Secretary, Ministry of Education, Science and Technology. He is currently Assistant Director State Department of Education with wealth of experience in the education administration and planning.



**Mr. James Muriuki Gatere, 48, Principal Secretary, Rep. PS., Ex-Officio Members Ministry of National Treasury.** Masters of philosophy in Education Administration, Planning, & Curriculum Development, Moi University, Kenya (1998) B.ED (Science), Kenyatta University, Kenya (1991)

Joined in 2013 as a Council Member. He is highly experienced in education matters in areas of design, implementation and evaluation of Training Programmes. Currently, He is the Ag. Director Human Resource Development, National Treasury.

### III. OFFICERS OF THE UNIVERSITY COLLEGE

 <p><b>H.E. Hon. Mwai Kibaki</b>, C.G.H., M.P., Retired President and Commander-in-Chief of the Armed Forces of the Republic of Kenya, <b>Chancellor</b></p>	
 <p><b>Prof. Shem Migot Adholla, EBS, 72, Chairman</b> B.A (Hons), University of East Africa-Dar es Salaam M.A (Sociology)-University of California Ph.D (Sociology of Development)-University of California</p>	<p>Joined in 2013 as the Chairman of Council. He has wide experience in land policy, agriculture, rural development and environmental issues from across the world having served in various capacities in the World Bank and the Kenyan Government as Permanent Secretary in the Ministry of Agriculture and Rural Development.</p>
 <p><b>Prof. Isaac Ipara Odeo, 59, Principal</b> B.ED (Arts) (UON), M.ED (Kenyatta University), Ph.D (Moi University)</p>	<p>Joined in 2013 as the Principal and Secretary of Council. He is an educationist with over 25 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
 <p><b>Prof. Shem Omukunda Aywa, 51, Deputy Principal (Planning, Administration And Finance)</b> B.ED (Sci.) (Kenyatta University), M.Sc (Kenyatta University), Ph.D (Potchefstroom University)</p>	<p>Joined in 2013 as Deputy Principal (PAF). He is an educationist with wide teaching experience of over 23 years at the University level. Prof. Aywa has also held various leadership positions at the same institutions.</p>
 <p><b>Prof. Solomon Igosangwa Shibairo, 53, Deputy Principal (Academic, Research &amp; Extension)</b> B.Sc (Agric) (UON), M.Sc (Agronomy) (UON), Ph.D (Plant Science) (University of British Columbia)</p>	<p>Prof. Shibairo joined in 2013 as Deputy Principal (ARE). He has over 24 years teaching experience at the institutions of higher learning. He has also held various leadership positions at the same institutions.</p>

 <p><b>David B. Namasaka, 43, Senior Assistant Registrar</b> B. ED (Arts) (UON), MSC (Disaster Management &amp; Humanitarian Assistance) (MMUST)</p>	<p>Mr Namasaka joined in 2012 as Ag. Senior Assistant Registrar (Administration). He has over 5 years administrative experience at the institutions of higher learning.</p>
 <p><b>Margaret M. Wanambisi, 46, Senior Assistant Librarian</b> B.A. (Education &amp; Sociology) (Lucknow University), Bsc (Library &amp; Information Sciences) (Lucknow University), PGD (Library &amp; Information Sciences) (Institute of Management &amp; Research)</p>	<p>Mrs Wanambisi joined in 2012 as a Senior Assistant Librarian. She has over 10 years experience in library and information management at institutions of higher learning.</p>
 <p><b>Benjamin Musina Oduori, 41, Deputy Finance Officer</b> BBM (Accounting &amp; Finance) (Moi), MBM (Accounting) (Moi), CPA (K)</p>	<p>Joined in 2013 as Deputy Finance Officer. He is a professional accountant with over 15 years experience in auditing and assurance and finance at the institutions of higher learning.</p>

#### IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the 2<sup>nd</sup> Kibabii University College Financial Report for the year ended 30<sup>th</sup> June, 2014. The University College this year endeavored to increase the number of programmes to enhance access to higher education as it prepares for the award of charter.

The vision of the University College is to be a global and dynamic University of excellence in Science, Technology and Innovation. Various structures have been developed by the University College Council which include; Academic board, Deans Committee, Management Board and Faculty/School boards to ensure effective and efficient stewardship of the University College functions.

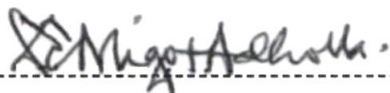
The University College seeks linkages with the private and public sectors to enhance quality of teaching, particularly during attachments. In 2013/2014 financial year the University College received donation of computers from the Tourism Fund. This is an association that aims at empowering students undertaking information technology related courses.

I wish to appreciate the support of the Government and organizations like the Higher Education Loans Board for continuing to support our students in paying their fees. An increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students pursue their studies. I appeal for further support from the private sector and Non-Governmental Organizations.

The University College Council would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the University College meet its financial obligations. The University College faces huge challenges in putting up critical infrastructure including learning and accommodation facilities. The University College is adversely affected by low support by the Government hence not able to complete stalled projects in time.

I thank all our students, parents, and other stakeholders for choosing to invest in our institution and urge that together we should strive to achieve higher levels of excellence in the coming years.

SIGNATURE:-----



DATE:-----

5<sup>th</sup> February, 2015

**PROF. SHEM MIGOT ADHOLLA, EBS**

**CHAIRMAN – KIBABII UNIVERSITY COLLEGE COUNCIL**

## V. PRINCIPAL'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2014

The financial year ending 30<sup>th</sup> June, 2014 provided thrilling experience and exciting achievement by the University College as it marked the beginning of its independent operations. During this period the University College continued with implementation of its five year strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of productivity, professionalism, excellence, accountability and transparency, equity, and innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in the public and private sectors.

### Financial Performance Highlights

The University College recorded an improved revenue base because of the expansion of programmes and introduction of January and May intakes which increased the number of students. However, the expansion of programmes also resulted in an increase in operational costs. Our challenge is to develop a way of instituting cost reduction measures while implementing quality assurance systems to ensure quality of programmes is not compromised.

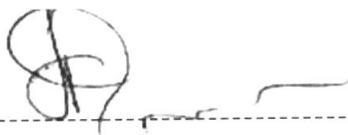
The University College received Kshs. 311,885,750.04 in Recurrent and Capital Grants. These grant accounted for 69% of the total receipts by the University College while 31% was generated through internal sources. The Government only released Kshs. 50,223,808.00 out of Kshs. 150,200,000 allocated for capital development in the 2013/2014 financial year. Certificates amounting to Kshs. 97,377,615.01 were not paid within the year hence have to be paid out of 2014/2015 financial year capital development budget. The non-payment of certificates will negatively affect the University College and therefore may not be able to complete the stalled projects in time. The Recurrent Grants were used for operations, Personnel Emoluments, and Maintenance.

Although there has been progress, the University College still has shortcomings as a result of lack of adequate teaching space, Laboratories as well as offices for academic and administrative staff. This is due to low funding by the Exchequer.

I would like to thank the Government of Kenya and other stakeholders for their continued financial support during the year under consideration.

Lastly, I would like to thank the University College Council, staff, students and other stakeholders for their overwhelming co-operation in running the University College during the year under review.

SIGNATURE: \_\_\_\_\_



DATE: 5<sup>th</sup> February, 2015

**PROF. ISAAC IPARA ODEO**

**PRINCIPAL, KIBABII UNIVERSITY COLLEGE**

## VI. CORPORATE GOVERNANCE STATEMENT

The members of Council have committed themselves to the service of Kibabii University College and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

### The Council

The council consists of nine members inclusive of the Principal as the secretary. The council members consists of the following;

NO.	NAME	TITLE
1.	Prof. Shem E. Migot-Adholla	Chairman
2.	Ms. Connie Okwisa Mogaka	Member
3.	Dr. Mary W. Gikungu	Member
4.	Dr. Nicodemus A. Ojuma	Member
5.	Mr. Lawrence Omuhaka	Member
6.	Miss Caroline I. Cheptoo	Member
7.	Principal Secretary, State Department for Education, (Ministry of Education, Science and Technology)	Member
8.	Principal Secretary (National Treasury)	Member
9.	Prof. Isaac Ipara Odeo	Principal/Secretary

The biographies of the Council Members are published on page vi-vii. These Council Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the University College.

### Council Responsibilities

The University College Council undertakes the following responsibilities;

1. The Council is the governing body of the University College through which the University College acts and undertakes the following;
  - a) Administers the property and funds of the University College in a manner and for the purposes which promotes the interest of the University College; but the Council does not charge or dispose of immovable property of the University College except in accordance with the procedures laid down by the Government of Kenya;
  - b) Receives, on behalf of the University College, donations, endowments, gifts, grants or other moneys and make disbursements there from to the University College or other bodies or persons;
  - c) Provides for the welfare of the staff and students of the University College;
  - d) May enter into association with other universities, university colleges or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate; and
  - e) May, after consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the University College.

2. All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signed under the hand of the Chairman, the Principal or any other members of the Council generally or specifically authorized by the Council in that behalf.
3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the University College.
5. Constantly reviews the viability and financial sustainability of the University College, and does so once every year.
6. Ensures that the University College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

### Council Committees

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council.

In the financial year 2013/2014 the Council approved the following committees;

### APPEALS BOARD

Membership:

NO.	NAME	TITLE
1.	Ms. Connie Okwisa Mogaka	Chairperson
2.	Mr. Lawrence O. Omuhaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Principal Secretary, National Treasury	Member

### Mandate

The role of the appeals board considers appeals and make appropriate recommendations to Council.

### APPOINTMENTS AND PROMOTIONS COMMITTEE

This is committee discharges the responsibility of appointments and promotions of Professors, Associate Professors and Equivalent Administrative and Library Grades.

Membership:

NO.	NAME	TITLE
1.	Prof. Shem Migot Adhola	Chairman
2.	Ms. Connie Okwisa Mogaka	Member
3.	Mr. Lawrence O. Omuhaka	Member
4.	Mr. James Gatere	Rep. PS. (National Treasury)
5.	Mr. David Watene	Rep. PS (MOEST)
6.	Prof. Isaac Ipara Odeo	Principal/Secretary

**Mandate**

- a) To consider qualified candidates for filling vacant positions in the University for Professors, Associate Professors and Equivalent Administrative and Library Grades.
- b) To interview candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.
- c) To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades

**AUDIT COMMITTEE****Membership:**

NO.	NAME	TITLE
1.	Miss Caroline I. Cheptoo	Chairperson
2.	Dr.Mary W. Gikungu	Member
3.	Mr. Lawrence O. Omuhaka	Member
4.	Mr. David Watene	Rep. PS, MOEST
5.	Internal Auditor	Secretariat

**Mandate**

- a) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls. Monitor management's response to and implementation of internal control recommendations.
- b) Assisting the Principal in enhancing internal controls in order to improve efficiency, transparency and accountability.
- c) Resolving unsettled and unimplemented measures raised by Public Investment Committee's (PIC).
- d) Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
- e) Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
- f) Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws regulations, procedures, plans and ethics.
- g) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Principal.
- h) Review and assess, at least annually, the Audit Committee's Charter and submit changes to the Charter for approval by the Council.
- i) Advice on Quality and Performance Monitoring.
- j) Perform other oversight functions as may be requested by the University College Council from time to time.

**AWARDS, HONORARY DEGREES AND SEALING COMMITTEE****Membership**

NO.	NAME	TITLE
1.	Prof. Shem Migot-Adholla	Chairman
2.	Ms. Connie Okwisa Mogoka	Member
3.	Dr. Mary W. Gikungu	Member
4.	Prof. Isaac Ipara Odeo	Principal/Secretary

**Mandate**

- To receive and consider proposals to Council and nominations for the award of honorary degrees.
- To recommend to Council award of honorary degrees
- To authorize on behalf of the Council the application of the University seal to documents.

**FINANCE, GENERAL PURPOSES, BUILDING AND DEVELOPMENT COMMITTEE****Membership:**

NO.	NAME	TITLE
1.	Dr. Nicodemus A. Ojuma	Chairman
2.	Dr. Mary W. Gikungu	Member
3.	Mr. James Gatere	Rep. PS. (National Treasury)
4.	Mr. David Watene	Rep. PS (MOEST)
5.	Prof. Isaac Ipara Odeo	Principal/Secretary

**Mandate**

- To take charge of all arrangements for erection of new buildings once the finances have been made available.
- To receive and consider reports on the performance of various contractors.
- To be responsible for authorizing expenditure for all maintenance work with the provision that the Committee will have the authority to delegate the minor maintenance work to an executive sub-committee of the University.
- To provide progress reports to Council or the Finance and General Purposes Committee.
- To recommend and effect as appropriate any modification in physical facilities as may be necessary.
- To consider and make recommendations to the Council on acquisition of new fixed assets including land and to advise the Council on utilization of such assets and land.

**DISCIPLINARY COMMITTEE (ASLA)****Membership:**

NO.	NAME	TITLE
1.	Dr. Mary W. Gikungu	Chairperson
2.	Mr. David Watene	Rep. PS (MOEST)
3.	Principal Secretary, Public Service	
4.	Union Representatives of the concerned staff	
5.	Prof. Isaac Ipara Odeo	Principal/Secretary

**Mandate**

To handle matters related to the discipline of University College staff in Academic, Senior Library and Administrative functions.

**STATUTES, TERMS AND CONDITIONS OF SERVICE COMMITTEE****Membership:**

NO.	NAME	TITLE
1.	Mr. Lawrence A. Omuhaka	Chairman
2.	Ms. Connie O. Mogaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Miss Caroline Cheptoo	Member
5.	Mr. David Watene	Rep. PS (MOEST)
6.	Prof. Isaac Ipara Odeo	Principal/Secretary

**Mandate**

- a) To make recommendations to Council on staff welfare related issues.
- b) To recommend to Council improvement in the job grading classification as the Committee may consider appropriate.
- c) To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all University employees.
- d) To examine the format and the contents of the University Statutes and make appropriate recommendations to Council for appropriate legislation as provided for in the Kibabii University Legal Notice No. 115.

**EXECUTIVE COMMITTEE OF COUNCIL**

NO.	NAME	TITLE
1.	Prof. Shem Migot-Adholla	<b>Chairman</b>
2.	Ms. Connie Okwisa Mogaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Mr. James Gatere	Rep. PS. (National Treasury)
5.	Mr. David Watene	Rep. PS (MOEST)
6.	Prof. Isaac Ipara Odeo	Principal/Secretary

**Mandate**

To deal/handle matters of Council as deemed appropriate by Council.

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Kibabii University College continued to dedicate part of its earnings to social responsibility activities aimed at enhancing the livelihoods of those living close to the institution and all Kenyans in general. During the year under review, the University College focused on activities aimed at making a positive impact on various communities while creating a cordial relationship and raising the institution's profile. Areas of focus included education, provision of water, environmental conservation, support to sporting activities and health care provision.

### **Water Provision**

Today, Kenya is classified as a water-stressed country. Like in many African countries, lack of safe drinking water is the cause of socio-economic problems including starvation and disease. The challenge is even more pronounced in rural areas where women and children walk long distances daily in search of water, which is sometimes polluted. Waterborne diseases are still a concern as many people succumb to them annually. One of Kibabii University College's corporate social responsibility programme areas of focus is the provision of water to communities through the establishment of water collection points through construction of underground water tanks and installation of water harvesting tanks within the campus. During the last financial year, related projects included the installation of water tanks for water harvesting to ensure a steady water supply to the stakeholders.

### **Education**

With a focus on education as part of its CSR, the University College witnessed the initiation of the needy student fund by the Council which will support the ever increasing number of needy students from a cross Kenya. The scholarship programme will provide bright, disadvantaged students with an opportunity to change their destiny, enabling them to access education by meeting tuition and upkeep.

### **Environmental Conservation**

In Kenya, the effects of climate change and other environmental challenges are having an enormous impact not only on human life, but also on businesses. The pressure on natural resources and the environment in general is huge and calls for concerted efforts to alleviate the situation. Kibabii University College has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems. Last financial year, environmental initiatives the University College participated in tree planting activities and distributed free seedlings in various schools, churches and the local community.

## VIII. REPORT OF THE COUNCIL

The Council submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the *entity's* affairs.

### Principal activities

The principal activities of the entity are to offer higher education, research and extension services.

### Results

The results of the entity for the year ended June 30, 2014 are set out on page 1.

### Directors

The members of the Council Members who served during the year are shown on page vi- vii.

### Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with the Section 68 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



Prof. Shem Migot-Adholla  
Council Chairman  
Bungoma

Date: 5<sup>th</sup> February, 2015

## IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 68 (k) of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Council Members to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Council Members are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Council Members are also responsible for safeguarding the assets of the *entity*.

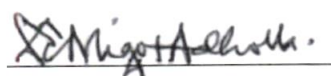
The Council Members are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Council Members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2014, and of the *entity's* financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

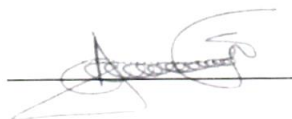
Nothing has come to the attention of the Council Members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The *entity's* financial statements were approved by the Council on 5<sup>th</sup> February 2015 and signed on its behalf by:



Council Chairman



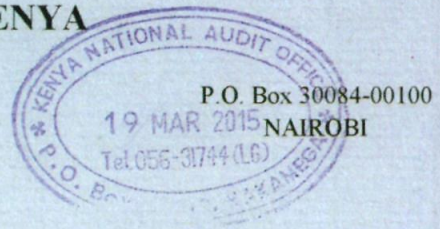
Council Member



Council Member

## REPUBLIC OF KENYA

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## KENYA NATIONAL AUDIT OFFICE

**REPORT OF THE AUDITOR GENERAL ON KIBABII UNIVERSITY COLLEGE FOR  
 THE YEAR ENDED 30 JUNE 2014**
**REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of Kibabii University College set out on pages 1-25, which comprise the Statement of financial position as at 30 June 2014 and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards 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 the 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 the 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

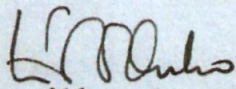
*Promoting Accountability in the Public Sector*

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College'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 audit opinion.

### **Opinion**

In my opinion, the financial statement present fairly, in all material respect, the financial position of Kibabii University College as at 30 June 2014, and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards and comply with Kibabii University College order No.115 of 12 August 2011.



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

**Nairobi**

**4 March 2015**

**XI. KIBABII UNIVERSITY COLLEGE  
STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 30 June 2014**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Revenue from non-exchange transactions</b>			
Exchequer grants	3	206,505,672	178,900,000
Public contributions and donations		1,155,000	0
		<b>207,660,672</b>	<b>178,900,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	4	13,148,682	9,015,209
Tuition fees	5	127,128,875	41,835,760
Rental revenue from facilities and equipment	6	2,090,200	57,600
Finance income – Interest on deposits	7	2,184,267	0
Other income	8	22,990,565	9,138,264
		<b>167,542,589</b>	<b>60,046,833</b>
<b>Total revenue</b>		<b>375,203,261</b>	<b>238,946,833</b>
<b>Expenses</b>			
Administrative expenses	9 (a)	350,477,353	138,456,218
Marketing expenses	10	9,559,474	6,464,420
<b>Total expenses</b>		<b>360,036,827</b>	<b>144,920,638</b>
<b>Other gains/(losses)</b>		<b>0</b>	<b>0</b>
<b>Surplus before tax</b>		<b>15,166,434</b>	<b>94,026,195</b>
Taxation		0	0
<b>Surplus for the period</b>		<b>15,166,434</b>	<b>94,026,195</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	0
Surplus attributable to owners of the controlling entity		<b>15,166,434</b>	<b>94,026,195</b>
		<b>15,166,434</b>	<b>94,026,195</b>

The notes set out on pages 10 to 23 form an integral part of the Financial Statements.

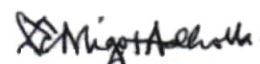
**XII. KIBABII UNIVERSITY COLLEGE  
STATEMENT OF FINANCIAL POSITION  
As at 30 June 2014**

	Note	2013-2014 Kshs <sup>a</sup>	2012-2013 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	50,856,766	48,524,410
Receivables from exchange transactions	12	73,067,837	31,015,101
Receivables from non-exchange transactions	13	000	11,250,000
Inventories	14	10,727,581	2,893,359
		<b>134,652,184</b>	<b>93,682,870</b>
<b>Non-current assets</b>			
Property, plant and equipment	15(a) & (b)	1,535,952,438	62,251,386
		<u>1,535,952,438</u>	<u>62,251,386</u>
<b>Total assets</b>		<b><u>1,670,604,622</u></b>	<b><u>155,934,256</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	76,683,899	34,503,072
<b>Non-current liabilities</b>			
		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<u>76,683,899</u>	<u>34,503,072</u>
<b>Net assets</b>			
Reserves		1,490,910,620	33,587,515
Accumulated surplus		103,010,103	87,843,669
Minority interest		0	0
<b>Total net assets and liabilities</b>		<b><u>1,593,920,723</u></b>	<b><u>121,431,184</u></b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the University College Council by:



Principal



Chairman of the Council

Date..... 5<sup>th</sup> February, 2015

Date..... 5<sup>th</sup> February, 2015

**XIII. KIBABII UNIVERSITY COLLEGE  
STATEMENT OF CHANGES IN NET ASSETS  
For the year ended 30 June 2014**

	Capital Reserves	Revaluation Reserves	Revenue Reserves	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 1 July 2012</b>	0	0	-6,182,526	-6,182,526
Development Grants	33,587,515	0	0	33,587,515
Surplus/(Deficit) for the Year	0	0	94,026,195	94,026,195
<b>As at 30 June 2013</b>	<b>33,587,515</b>	<b>0</b>	<b>87,843,669</b>	<b>121,431,184</b>
As at 1 July 2013	33,587,515	0	87,843,669	121,431,184
Surplus/(Deficit) for the Year	0	0	15,166,434	15,166,434
Capital Funds	50,223,809	1,407,099,296	0	1,457,323,105
<b>As at 30 June 2014</b>	<b>83,811,324</b>	<b>1,407,099,296</b>	<b>103,010,103</b>	<b>1,593,920,723</b>

### XIII. KIBABII UNIVERSITY COLLEGE STATEMENT OF CASH FLOWS

	Note	Kshs 2013-2014	Kshs 2012-2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		15,166,434	94,026,195
Adjustments for :-			
Depreciation		16,793,583	8,847,765
Interest income		-2,184,267	0
<b>Operating surplus before working capital changes</b>		<b>29,835,500</b>	<b>102,873,960</b>
Increase/Decrease in stocks and stores		-7,834,222	-2,893,359
Increase/(decrease) in Trade and other payables		42,180,827	33,822,646
Increase/(decrease) in other liabilities and provisions		0	0
Decrease/(increase) in Trade and other receivables		-30,802,736	-41,584,675
<b>Net cash from operating activities</b>		<b>3,543,869</b>	<b>-10,655,388</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Non-currents assets		-83,395,339	-71,099,151
Interest received		2,184,267	0
<b>Net cash flows from investing activities</b>		<b>-81,211,072</b>	<b>-71,099,151</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital reserves		50,223,809	33,587,515
Revenue reserves		0	-6,182,526
<b>Net cash flow from financing activities</b>		<b>50,223,809</b>	<b>27,404,989</b>
<b>Net increase Cash and cash equivalents</b>		<b>2,332,356</b>	<b>48,524,410</b>
<b>Cash and cash equivalent at 1st July, 2013</b>		<b>48,524,410</b>	<b>0</b>
<b>Cash and cash equivalent at 30th June, 2014</b>		<b>50,856,766</b>	<b>48,524,410</b>

### XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

REALIGNED RECURRENT EXPENDITURE ESTIMATES FOR THE FINANCIAL YEAR 2013/2014						
CODE	ITEMS	ORIGINAL BUDGET 2013-2014	ADJUSTMENTS 2013-2014	FINAL BUDGET 2013-2014	ACTUAL ON COMPARABLE BASIS 2013-2014	PERFORMANCE DIFFERENCE 2013-2014
100	EXCHEQUER GRANTS	270,340,000	-63,834,328	206,505,672	206,505,672	0
	<b>SUB-TOTAL</b>	<b>270,340,000</b>	<b>-63,834,328</b>	<b>206,505,672</b>	<b>206,505,672</b>	<b>0</b>
	<b>TUITION</b>					
101	PSSP TUITION	42,208,385	36,135,185	78,343,570	78,343,570	0
102	GSSP TUITION	15,679,999	15,559,091	31,239,091	31,239,091	0
103	POSTGRADUATE TUITION	229,732	6,734,548	6,964,280	6,964,280	0
104	POSTGRADUATE DIPLOMA TUITION	0	0	0	0	0
105	DIPLOMA TUITION	2,840,000	6,135,065	8,975,065	8,975,065	0
106	CERTIFICATE TUITION	840,000	875,564	1,715,564	1,715,564	0
	<b>SUB-TOTAL</b>	<b>61,798,116</b>	<b>65,439,454</b>	<b>127,237,570</b>	<b>127,237,570</b>	<b>0</b>
	<b>RENDERING OF SERVICES</b>					
107	CATERING INCOME	2,154,509	2,120,132	4,274,641	4,274,641	0
108	ACCOMODATION	2,870,400	2,392,781	5,263,181	5,263,181	0
116	HIRE INCOME	0	0	0	77,600	-77,600
117	GRASS INCOME	0	0	0	8,000	-8,000
	<b>SUB-TOTAL</b>	<b>5,024,909</b>	<b>4,512,913</b>	<b>9,537,822</b>	<b>9,623,422</b>	<b>-85,600</b>
	<b>OTHER INCOME</b>					
109	ADMINISTRATIVE FEES	7,593,900	6,330,315	13,924,215	17,057,165	-3,132,949
112	SCHOOL PRACTICE	0	0	0	5,532,400	-5,532,400
113	COMPUTER CHARGE- FINES & PENAL				237,000	-237,000
114	TENDER INCOME				164,000	-164,000
110	RESEARCH FUNDS	0	0	0	0	0

	<b>SUB-TOTAL RENTAL REVENUES FROM FACILITIES &amp; EQUIPMENT</b>	<b>7,593,900</b>	<b>6,330,315</b>	<b>13,924,215</b>	<b>22,990,565</b>	<b>-9,066,349</b>
111	RENTAL INCOME	1,728,000	76,800	1,804,800	2,090,200	-285,400
	<b>SUB-TOTAL</b>	<b>1,728,000</b>	<b>76,800</b>	<b>1,804,800</b>	<b>2,090,200</b>	<b>-285,400</b>
	<b>FINANCE INCOME</b>					
115	INTEREST ON DEPOSITS	0	0	0	2,184,267	-2,184,267
	<b>SUB-TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,184,267</b>	<b>-2,184,267</b>
	<b>TOTAL INCOME</b>	<b>346,484,925</b>	<b>12,525,154</b>	<b>359,010,079</b>	<b>370,631,696</b>	<b>-11,621,617</b>
	<b>ADMINISTRATIVE COSTS</b>					
CODE	<b>PERSONAL EMOLUMENTS</b>	<b>PROPOSED</b>	<b>ADJUSTMENTS</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>PERFORMANCE DIFFERENCE</b>
000-						
010	<b>EMPLOYMENT COSTS</b>	<b>309,015,279</b>	<b>-51,552,233</b>	<b>257,463,046</b>	<b>151,577,986</b>	<b>105,885,060</b>
200	MEDICAL	6,780,453	2,313,390	9,093,843	9,093,843	-
201	INTER-UNIVERSITY GAMES/ TOURNAMENTS	1,356,091	399,859	1,755,950	1,755,950	-
202	PURCHASE OF UNIFORMS & CLOTHINGS	204,221	290,779	495,000	495,000	-
203	PUBLIC CELEBRATIONS & STAFF WELFARE	1,102,160	-1,000,000	102,160	4,000	98,160
204	STUDENTS EXPENSES	484,489	991,161	1,475,650	1,475,650	-
205	CHOIR, DRAMA & CLUBS	1,017,068	-489,000	528,068	528,000	68
206	COACHING & MENTORING	237,316	-207,300	30,016	30,000	16
207	HIV & AIDS	169,511	92,489	262,000	262,000	-
208	PURCHASE OF SPORTS EQUIPMENTS	340,368	286,632	627,000	627,000	-
209	PASSAGE & BAGGAGE	1,168,865	-330,000	838,865	838,600	265
210	STUDENTS ADMISSIONS EXPENSES	1,356,091	-790,000	566,091	558,000	8,091
211	SGC ELECTIONS & TRAINING	739,023	140,377	879,400	879,400	-
212	KUSO	476,480	34,020	510,500	510,500	-
301	EXTERNAL TRAVEL & ACCOMODATION	1,108,499	-772,000	336,499	336,000	499
302	POSTAL & TELEGRAMS	425,541	-219,000	206,541	206,479	62
303	TELEPHONE	2,051,204	-575,000	1,476,204	1,475,350	854
304	OFFICIAL ENTERTAINMENT	-	-	-	-	-

305	COUNCIL EXPENSES	9,373,159	425,866	9,799,025	9,799,025	9,799,025	-
308	AUDIT FEES	500,000		500,000	500,000	500,000	-
309	LEGAL & INSURANCE EXPENSES	2,406,130	786,275	3,192,405	3,192,405	3,192,405	-
310	PURCHASE OF INTEGRATED MGT INF. SYSTEM(ERP)	1,600,000	-1,531,955	68,045	68,045	68,045	68,045
311	STAFF TRAINING & DEVELOPMENT	2,297,059	-1,300,000	997,059	997,059	997,059	1,983
312	ISO CERTIFICATION & CONSULTANCY	406,827	867,773	1,274,600	1,274,600	1,274,600	-
313	PERFORMANCE CONTRACTING	637,295	-447,000	190,295	189,750	189,750	545
314	TRANSPORT	1,948,173	-1,948,173	0	0	0	0
315	TRAVEL & ACCOMMODATION	3,264,251	6,263,963	9,528,214	9,528,214	9,528,214	-
316	OFFICE EXPENSES	1,685,059	-600,000	1,085,059	1,077,278	1,077,278	7,781
317	PSSP PAYMENT	1,601,882	4,118,087	5,719,969	5,719,969	5,719,969	-
318	EXAMINATION EXPENSES	533,961	-418,079	115,882	35,000	80,882	80,882
319	BOOKSHOP	1,005,599	-1,000,000	5,599	5,599	5,599	5,599
320	CATERING EXPENSES	11,153,887	9,062,742	20,216,629	20,216,629	20,216,629	-
321	CAUTION	101,368	-101,000	368	368	368	368
322	MARKING CENTRE	678,045	-670,000	8,045	8,045	8,045	8,045
402	LIBRARY EXPENSES	339,023	-330,000	9,023	9,023	9,023	9,023
403	BOOKS & JOURNALS	5,707,499	-3,717,469	1,990,029	1,824,802	1,824,802	165,227
404	PURCHASE OF STATIONERY	2,576,301	3,602,929	6,179,230	6,179,230	6,179,230	-
405	UNIVERSITY COLLEGE RESEARCH FUNDS	1,695,113	-1,585,629	109,484	109,484	109,484	109,484
406	TEACHING MATERIAL	3,441,816	1,934,607	5,376,423	5,376,423	5,376,423	-
407	AFFILIATION FEE/ Subscription	1,017,068	-950,000	67,068	58,000	58,000	9,068
408	CULTURAL & CAREER WEEK	678,045	144,255	822,300	822,300	822,300	-
409	EXTERNAL EXAMINERS	1,017,068	278,556	1,295,624	1,295,624	1,295,624	-
410	SENATE EXPENSES	1,423,895	-1,015,790	408,105	408,105	408,105	392,645
411	HIRE OF TRANSPORT, PLANT & MACHINERY	1,410,780	-	1,410,780	1,410,780	1,410,780	1,395,780

412	PURCHASE OF FURNITURE	-	3,857,677	3,857,677	3,857,677	3,857,677	-
413	PART - TIME LECTURES	8,949,964	26,890,788	35,840,753	35,840,753	35,840,753	-
414	SEMINARS & CONFERENCES	1,356,091	-1,300,000	56,091	56,091	56,091	56,091
415	NEW PROGRAMMES	847,557	-840,000	7,557	7,557	7,557	7,557
501	ELECTRICITY, WATER & CONSERVANCY	7,093,848	7,959,177	15,053,025	15,053,025	15,053,025	-
502	RENT & RATES	628,466	1,633,524	2,261,991	2,261,991	2,261,991	-
503	COMPUTER EXPENSES	878,045	1,531,955	2,410,000	2,410,000	2,410,000	-
515	MOTOR VEHICLE EXPENSES	-	3,396,774	3,396,774	3,396,774	3,396,774	-
504	MAINTENANCE OF PLANT & EQUIPMENT	2,034,136	-2,000,000	34,136	34,136	34,136	34,136
505	MAINTENANCE / EXPENSES OF COMPUTER	-	-	-	-	-	-
506	MAINTENANCE OF BUILDINGS	508,534	-294,677	213,857	213,857	151,000	62,857
507	MAINTENANCE OF CATERING & HOSTELS	425,460	2,441,740	2,867,200	2,867,200	2,867,200	-
508	MAINTENANCE OF WATER SUPPLIES & SEWERAGE	492,113	542,887	1,035,000	1,035,000	1,035,000	-
509	MAINTENANCE OF PLAYGROUND	720,000	828,599	1,548,599	1,548,599	1,548,599	-
510	GRADUATION EXPENSES	-	700,000	700,000	700,000	700,000	-
511	FUNGICIDES & INSECTICIDES & SPRAYS	237,930	90,666	328,596	328,596	328,596	-
512	SECURITY SERVICES	1,459,738	5,458,079	6,917,817	6,917,817	6,917,817	-
513	CLEANING SERVICES	8,773,895	2,057,257	10,831,152	10,831,152	10,831,152	-
514	TELE-COMMUN. MAINTENANCE	177,987	181,013	359,000	359,000	359,000	-
516	PURCHASE LAND	-	8,650,400	8,650,400	8,650,400	8,650,400	-
517	BUILDINGS	9,994,199	-4,241,708	5,752,491	5,752,491	5,752,491	-
518	PURCHASE OF MOTOR VEHICLES	24,817,508	-21,831,229	2,986,280	2,986,280	2,865,199	121,081
519	PURCHASE OF COMPUTERS	2,657,938	1,746,834	4,404,772	4,404,772	4,404,772	-
	<b>SUB-TOTAL</b>	<b>458,585,370</b>	<b>-2,056,110</b>	<b>456,529,259</b>	<b>347,499,989</b>	<b>109,029,271</b>	
	<b>MARKETING COSTS</b>						
306	ADVERTISING & PUBLICITY	4,433,932	713,454	5,147,387	5,147,387	5,147,387	-

307	SHOWS EXPENSES & UNIVERSITY EXHIBITIONS	780,878	1,058,382	1,839,260	1,839,260	-
401	PRINTING & PUBLISHING	1,296,726	184,274	1,481,000	1,481,000	-
	<b>SUB-TOTAL</b>	<b>6,511,536</b>	<b>1,956,110</b>	<b>8,467,647</b>	<b>8,467,647</b>	<b>0</b>
	<b>GROSS EXPENDITURE</b>	<b>465,096,906</b>	<b>-100,000</b>	<b>464,996,906</b>	<b>355,967,635</b>	<b>109,029,271</b>
	<b>BUDGET (DEFICIT)/SURPLUS</b>	<b>-118,611,981</b>	<b>12,625,154</b>	<b>-105,986,827</b>	<b>14,664,060</b>	

## XV1. NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Compliance and basis of preparation

The Kibabii University College's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) pronounced by the Public Sector Accounting Standards Board as a requirement of the Public Finance Management Act, 2012. The University College Adopted International Public Sector Accounting Standards (IPSAS) for the first time with effect from 30<sup>th</sup> June, 2014.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

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

### 2. Summary of significant accounting policies

#### a) Revenue recognition

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

##### ***Transfers from the Exchequer***

The exchequer grants are measured at fair value and recognized in to income when it is probable that the economic benefits or service potential related to the grant will flow to the University College and can be measured reliably.

##### ii) Revenue from exchange transactions

##### ***Rendering of services***

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

##### ***Sale of goods***

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

##### ***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

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

**c) Taxes****Current income tax**

The University College is exempted from taxation under the first schedule of the income tax Act Cap 470.

**d) 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 entity 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. Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off of carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

**The annual depreciation rates in use are:**

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Freehold land is not depreciated as it is deemed to have an infinite life	

**e) Intangible assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

## **f) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. 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. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

## **g) Financial instruments**

Financial assets and financial liabilities are recognised in the University College's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

### ***Financial Assets***

#### ***Receivables***

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

#### ***Impairment of financial assets***

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for receivable impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are included in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

## **Financial liabilities**

### **Trade payables**

**Trade payables are current and are stated at their nominal value.**

#### **h) Inventories**

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

#### **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.

#### **i) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

#### **j) Employee benefits**

##### **Retirement benefit plans**

The Entity 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.

**k) 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.

**l) 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 borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**m) Related parties**

Kibabii University College 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 University College or vice versa. Members of key management are regarded as related parties and comprise the University College Council and Management.

**n) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**o) Comparative figures**

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

**p) Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of

assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

### **Useful lives and residual values**

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

1. The condition of the asset based on the assessment of experts employed by the Entity
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
3. The nature of the processes in which the asset is deployed
4. Availability of funding to replace the asset
5. Changes in the market in relation to the asset

### **q) 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.

#### **1. Exchequer Grants**

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
July	18,870,000	11,250,000
August	55,150,000	11,250,000
September	14,880,000	11,250,000
October	17,581,214	11,250,000
November	14,991,192	11,250,000
December	14,991,192	55,150,000
January	14,991,192	11,250,000
February	14,991,192	11,250,000
March	14,991,192	11,250,000
April	21,747,462	11,250,000
May	28,503,732	11,250,000
June	29,973,575	11,250,000
<b>TOTAL</b>	<b><u>261,661,942</u></b>	<b><u>178,900,000</u></b>
<b>LESS CBA REFUND</b>	<b><u>-55,156,270</u></b>	
<b>BALANCE TO INCOME &amp; EXPENDITURE</b>	<b><u>206,505,672</u></b>	

CBA refund relate to 2010-2013 collective bargaining agreement money negotiated between Universities Unions and Inter Publics Universities Consultative Forum paid to the University College erroneously hence required to be refunded.

#### 4. Rendering of services

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Catering services	2,206,582	3,244,209
Accommodation services	10,856,500	5,761,000
Grass income	8,000	000
Hire income	77,600	10,000
<b>Total revenue from the rendering of services</b>	<b><u>13,148,682</u></b>	<b><u>9,015,209</u></b>

#### 5. Tuition

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Tuition Fees	<u>127,128,875</u>	<u>41,835,760</u>
<b>Total revenue from the tuition</b>	<b><u>127,128,875</u></b>	<b><u>41,835,760</u></b>

#### 6. Rental revenue from facilities and equipment

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Rent income	2,090,200	57,600
Contingent rentals	000	000
<b>Total rentals</b>	<b><u>2,090,200</u></b>	<b><u>57,600</u></b>

#### 7. Finance income

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Interest on deposit	<u>2,184,267.15</u>	<u>000</u>
<b>Total finance income</b>	<b><u>2,184,267.15</u></b>	<b><u>000</u></b>

**8. Other income**

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Activity fee	2,450,800.00	1,054,600
Agency fees	54,124.90	0
Amenity fee	2,325,000.00	1,007,000
Application fee	988,450.00	479,200
Computer charge - Fines & Penal	237,000.00	0
Computer fees	93,750.00	0
Examination fee	3,383,190.00	1,352,300
Identity card	394,250.00	173,150
KUSO Collections	966,800.00	0
Library fee	539,100.00	110,225
Medical Subsidy	4,257,500.00	1,716,345
Registration fee	941,700.00	370,050
School practice/Attachment fee	5,532,400.00	24,000
Supervision	356,000.00	1,714,394
Tender income	164,000.00	1,137,000
Thesis examination fees	306,500.00	0
	<b><u>22,990,564.90</u></b>	<b><u>9,138,264</u></b>

**9. (a) Administration expense**

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Employment costs ( <b>Note 9 (b)</b> )	207,303,890	76,271,355
Academic board expenses	110,720	1,500
Affiliation fees	248,400	38,000
Choir, drama & clubs	517,100	385,235
Cleaning services	11,071,920	7,546,542
Computer expenses	2,121,150	33,205
Couching & mentoring	20,000	197,000
Council Expenses	10,077,381	7,069,544
Cultural & careers week	497,200	238,850
Depreciation	16,793,583	8,766,087
Electricity, water & conservancy	18,152,499	5,937,486
External examiners	659,044	583,007
External travel & accommodation	3,095,716	1,579,555
Graduation expenses	49,000	0
Hire of transport	15,000	0
Income generating units expense	17,407,311	15,036,788
Insurance and legal expenses	3,037,542	291,552
Inter-university games	933,440	277,384

Library expenses	1,128,586	4,304,228
Maintaince expenses	6,475,870	756,785
Motor vehicle expenses	3,360,491	281,030
Official entertainment	1,166,282	0
Other administrative charges	2,218,665	0
Passage & package	987,840	904,667
Performance contracting	2,099,750	67,900
Postal and telegrams	780,476	105,277
Provision for audit fees	749,632	500,000
Provision for bad and doubtful debts	2,562,621.65	680,426
PSSP support services	3,018,479	0
Public celebrations & funerals	4,000	22,100
Purchase of sports equipment	129,240	498,810
Purchase of stationery	4,468,649	2,090,413
Purchase of uniform	29,994	0
Rent and rates	2,842,846	144,540
School practice	487,300	0
Security services	8,741,949	848,140
Seminars & conferences	1,378,690	1,222,899
SGC elections & training	1,376,180	703,035
Staff training & development expenses	33,250	3,000
Student expenses	1,861,335	302,395
Teaching material	9,025,582	0
Telecommunication maintaince	514,886	0
Telephone expenses	1,076,070	535,093
Tender expenses & other related charges	729,029	0
Bank charges	1,118,764.65	132,715
<b>Total</b>	<b>350,477,353</b>	<b>138,356,543</b>

### 9. (b) Employee costs

	2014	2013
	Kshs.	Kshs.
Employee related costs - salaries and wages	161,443,426.20	70,519,731
Part time expenses	37,638,102.50	19,939,813
medical aids	8,222,360.85	5,751,624
<b>Employee costs</b>	<b>207,303,889.55</b>	<b>96,211,168</b>

### 10. Marketing Costs

	2014	2013
	Kshs.	Kshs.
Advertising & Publicity	7,153,592.60	5,165,120
Publishing and printing	2,025,121	1,271,300
University Shows and Exhibitions	380,760	28,000
<b>Total finance costs</b>	<b>9,559,474</b>	<b>6,464,420</b>

## 11. Cash and cash equivalents

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Kenya Commercial Bank Limited-889	41,808,529	2,023,228
Kenya Commercial Bank Limited- FDR	000	40,000,00
Kenya Commercial Bank Limited- Deposit	1,116,477	4,366,197
Kenya Commercial Bank Limited -Payment	6,694,285	2,110,715
Petty Cash	73,531	24,270
National Bank of Kenya Limited-PENSION	40	000
National Bank of Kenya Limited - Fees Collection	54,100	000
EQUITY BANK Limited-508	241,590	000
EQUITY BANK Limited-898	515,509	000
Standard Chartered Bank (K) Ltd	352,604	000
Barclays Bank of Kenya Limited	101	000
<b>Total cash and cash equivalents</b>	<b>50,856,766</b>	<b>48,524,410</b>

## 12. Receivables from exchange transactions

### Current receivables

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Students fees debtors	51,252,433	13,608,521
Staff debtors	10,785,109	337,898
Other debtors (MMUST)	11,030,295	17,068,682
<b>Total current receivables</b>	<b>73,067,837</b>	<b>31,015,101</b>

## 13. Receivables from non-exchange contracts

### Current receivables

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Capitation grant due	0	11,250,000
<b>Total current receivables</b>	<b>0</b>	<b>11,250,000</b>

## 14. Inventories

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Consumable stores	3,336,739.20	2,893,539.00
Medical supplies	1,683,760.35	000
Electrical & plumbing materials	4,819,285.00	000
Water for distribution	000	000
Other goods held for resale	000	000
Catering	887,796.60	000
<b>Total inventories at the lower of cost and net realizable value</b>	<b>10,727,581.15</b>	<b>2,893,539.00</b>

**15(a). Property, Plant and Equipment**

	LAND	BUILDINGS	W.L.P	PLANT AND EQUIPMENT	COMPUTERS, PRINTERS & COPIERS	FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
	KSHS	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
<b>COST/VALUATION</b>								
AS AT 1ST JULY,2012	-	-	-	686,830.00	1,010,774.00	3,832,850.00	-	5,530,454.00
ADDITIONS	15,147,000.00	18,440,515.00	-	-	5,693,094.00	7,123,328.00	19,164,759.50	65,568,696.50
AS AT 30 JUNE,2013	15,147,000.00	18,440,515.00	-	686,830.00	6,703,868.00	10,956,178.00	19,164,759.50	71,099,150.50
CHARGE FOR THE YEAR	-	368,811.31	-	85,853.75	2,232,388.00	1,369,522.25	4,791,189.88	8,847,765.18
AS AT 30 JUNE,2013	15,147,000.00	18,071,703.70	-	600,976.25	4,471,480.00	9,586,655.75	14,373,570.63	62,251,386.32
AS AT 1ST JULY,2013	-	-	15,072,585.75	1,024,002.00	-	-	-	16,096,587.75
PRIOR YEAR ADJUSTMENT	-	-	-	(75,000.00)	(288,944.00)	(660,000.00)	-	(1,023,944.00)
TRANSFERS FROM CAPITAL WORK IN PROGRESS	-	11,607,585.75	(15,072,585.75)	-	-	-	3,465,000.00	-
RECLASSIFICATION	-	-	-	(87,500.00)	-	87,500.00	-	-
ADDITIONS	9,152,728.00	-	-	12,790,702.55	7,052,329.00	32,441,537.00	5,730,398.00	67,167,694.55
DONATION	-	-	-	-	1,155,000	-	-	1,155,000.00
REVALUATION	71,853,000.00	877,246,296.30	458,000,000.00	-	-	-	-	1,407,099,296.30
AS AT 30 JUNE,2014	96,152,728.00	906,925,585.75	458,000,000.00	14,253,180.80	12,389,865.00	41,455,692.75	23,568,968.63	1,552,746,020.92
CHARGE FOR THE YEAR	-	-	-	1,772,272.60	4,029,606.69	5,099,461.59	5,892,242.16	16,793,583.04
<b>CLOSING NET BOOK VALUE</b>	<b>96,152,728.00</b>	<b>906,925,585.75</b>	<b>458,000,000.00</b>	<b>12,480,908.20</b>	<b>8,360,258.31</b>	<b>36,356,231.16</b>	<b>17,676,726.47</b>	<b>1,535,952,437.88</b>
AT 30 JUNE 2014 COST	96,152,728.00	907,294,397.05	458,000,000.00	14,339,034.55	14,622,253.00	42,825,215.00	28,360,157.50	1,561,593,785.10
ACCUMULATED DEPRECIATION	-	368,811.31	-	1,858,126.35	6,261,994.69	6,468,983.84	10,683,432.03	25,641,348.22
AS AT 30 JUNE, 2014	96,152,728.00	906,925,585.75	458,000,000.00	12,480,908.20	8,360,258.31	36,356,231.16	17,676,725.47	1,535,952,437.88

1. The prior year adjustments relate to non asset items purchased and included in the respective assets categories. These were items like cartridges and toners wrongly classified as assets.
2. The transfers from work in progress relates to construction works on a septic tank done and completed during the financial year 2013/2014.
3. The reclassification item relates to fittings wrongly captured under plants and equipments in the prior year 2012/2013.
4. The revaluation amount of land includes a valuation of Kshs. 3,000,000 for land donated by the Mzee Kisongochi Family in the financial year 2013/2014

**15(b). Donations**

This relates to donation of computers and printers by Kenya Tourism Trust Fund

## 16. Trade and other payables from exchange transactions

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Trade payables	54,912,769	17,880,385
Payments received in advance (prepaid fees)	7,100,922	2,806,488
Third-party payments (Part-timers claims)	4,977,965	8,041,873
Provision for bad debts	2,562,622	000
Students accounts	1,504,800	1,653,000
HELB account	1,394,500	2,678,500
CDF	648,400	252,400
SACCO funds	0	10,000
Provision for audit fees	749,632	500,000
Caution money	2,832,290	000
Provision for doubtful debts	0	680,426
<b>Total trade and other payables</b>	<b><u>76,683,899</u></b>	<b><u>34,503,072</u></b>

## 17. Related party disclosures

The following transactions were carried out with related parties

	<b>2014</b>	<b>2013</b>
(i) Key management compensation		
Salaries and other short term employment benefits	15,595,175	3,824,349
(ii) Council remuneration		
Allowances paid to council members	10,077,381	7,069,544
(iii) Grants from related parties		
Grant from GOK	311,885,750	178,900,000
(vi) Due from related parties		
Masinde Muliro University of Science & Technology	11,030,295	17,068,682

## 18. Cash generated from operations

	<b>2014</b>	<b>2013</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Surplus for the year before tax</b>	15,166,434	94,026,195
Adjusted for:		
Depreciation	16,793,583	8,847,765
Finance income	(2,184,267)	(000)
<b>Working capital adjustments:</b>		
Increase in inventory	(7,834,222)	(2,893,539)
Increase in receivables	(30,802,736 )	(41,584,675)
Increase in payables	42,180,827	33,822,646
<b>Net cash flows from operating activities</b>	<b><u>33,319,619</u></b>	<b><u>92,218,392</u></b>

## 19. Events after the reporting period

There were no material non-adjusting events after the reporting date.

## 20. Risk management policies

The University College's principal financial assets are, trade receivables and cash and short term deposits which arise directly from its operations. The University College has financial liabilities comprising trade and other payables.

The University College has exposure to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks

The Council has overall responsibility for the establishment and oversight of the University College's risk management framework.

The University College's risk management policies are established to identify and analyses the risks faced by the University College, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Principal oversees how management monitors compliance with the University College's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the University.

### Market risk management

#### Interest rate risk

The University College has no interest bearing borrowings or investments and is financed by cash generated from its operations. This risk is therefore not applicable.

#### Foreign currency risk

The University College undertakes certain transactions denominated in foreign currencies, mainly the US Dollar. This results in exposures to exchange rate fluctuations. The balances impacted in this regard are the balance due to suppliers requires payments in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising matching of assets and liabilities.

#### Liquidity risk

Liquidity risk is the risk that the University College will not be able to meet its financial obligations as they fall due. The University College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College's reputation. Typically the University College ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All liquidity policies and procedures are subject to review and approval by the Council. All capital investments are funded by the Government.

## Credit risk

Credit risk is the risk of financial loss to the University College if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The University College receives fees from students which minimizes the credit risk exposure. The University College has a student's fees payment policy which defines how and when fees are supposed to be paid hence minimizes credit risk.

## Classification of credit risk bearing assets

The table below represents University College's maximum exposure to credit risk as at 30 June 2014 and 2013.

### At 30 June 2014

	Fully performing Shs	Past due Shs	Impaired Shs	Total Shs
Trade receivables	73,067,837			73,067,837
Bank balances	50,856,766	-	-	50,856,766
Total	<u>123,924,603</u>	<u>000</u>	<u>000</u>	<u>123,924,603</u>

### At 30 June 2013

Trade receivables	42,265,101	-	-	42,265,101
Government securities	-	-	-	-
Bank balances	48,524,410	-	-	48,524,410
Total	<u>90,789,511</u>	<u>000</u>	<u>000</u>	<u>90,789,511</u>

All the University College's receivables are fully performing and are expected to be repaid.

Bank balance includes cash in hand and deposits held with banks. Bank balances are not restricted to any use by the client.

## XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A	N/A

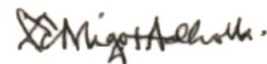
### Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Principal

Date: 5<sup>th</sup> February, 2015 .....



Chairman of the Board

Date: 5<sup>th</sup> February, 2015 .....



# **KIBABII**

## **UNIVERSITY COLLEGE**

*(A Constituent College of Masinde Muliro University of Science and Technology)*

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