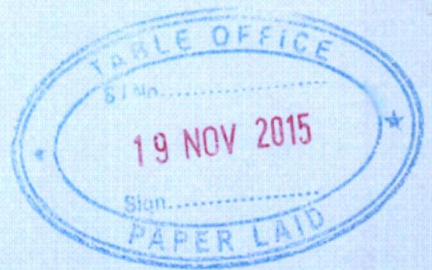


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

*Paper laid
By Hon. Kato. Ole Muto
(Majority Party MP) on Thurs 19.11.15 (pm)*



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

FOR THE YEAR ENDED
30 JUNE 2014



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 UNIVERSITY INFORMATION AND MANAGEMENT

Background information

Masinde Muliro University of Science and Technology is a separate Legal University under "Masinde Muliro University of Science and Technology Act of 2006." The Chairman of council is responsible for the general policy and strategic direction of the University.

Principal Activities

The principal activities of the University are teaching, research, and extension services.

RESPONSIBILITY

The Council members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the International Public Sector Accounting Standards (IPPF), the International Professional Practice Framework (IPPF) and the requirements of the State Corporations Act.

The Council members are of the opinion that the financial Statements give a true and fair view of the state of the University's financial affairs and of its income and expenditure statement.

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

AUTHORITY

The 2013/14 accounts were presented to Council and approved on 15th September, 2014.

Key Management

Masinde Muliro University of Science and Technology's day-to-day management is under the following key organs:

University Senate
University Management Board and
The Dean's Committee

Fiduciary Management

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

| No. | Designation | Name |
|------------|--------------------|-----------------------------------|
| 1. | Council Chairman | Dr. David Nyamwaya |
| 2. | Vice Chancellor | Prof. Fred A.O.Otieno |
| 3. | Council Member | Dr. Somane M.Ismail |
| 4. | Council Member | Arch. Zebedee Maombo Bukania(OGW) |
| 5. | Council Member | Mrs. Getrude Muthoni Namu |
| 6. | Council Member | Mrs. Sophy Kirorei |
| 7. | Council Member | Mr. Don.R.O. Riaroh |

University Headquarters

Masinde Muliro University of Science and Technology
Kakamega-Webuye Road,
P.O Box 190- Kakamega. 50100,
KENYA

University Contacts

Telephone: (256) 30836
E-mail: infor@mmust.ac.ke
Website: www.mmust.ac.ke

University Bankers

1. Kenya Commercial Bank Ltd. (Main)
2. Co-operative Bank Of Kenya Ltd.
3. Barclays Bank of Kenya Ltd.
4. Standard Chartered Bank Ltd.
5. National Bank of Kenya Ltd.
6. Equity Bank Ltd.
7. Family Bank Ltd.

Independent Auditors

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

Principal Legal Adviser

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

II. THE OFFICERS OF THE UNIVERSITY

| | |
|-----------------------------------|--|
| Chancellor | H.E Hon. Mwai Kibaki, B.A(Makerere), BSc. Econ (London), Hon DSC (MMUST), C.G.H. |
| Dr. David Nyamwaya | Ph.D-Medical Anthropology- Cambridge University, United Kingdom-1982 MPhil- Social Anthropology- Cambridge University, United Kingdom-1979 Bachelor degree in Education-UON Kenya-1978 |
| Prof Fred: A.O Otieno | PhD-(Eng) University of Newcastle 1981 Msc (Eng) University of Newcastle 1989 MBA - University of Kwazulu Natal (1999) Bachelor of Engineering of Nairobi-1979 FSAICE, FAAS, |
| Dr. Somane M.Ismail | MBA(Strategic Management)-Moi University -2008 - Bachelor of Pharmacy- University of Hacettepe, Ankara, Turkey- 1995 |
| Arch. Zebedee Maombo Bukania(OGW) | Master of Architecture- University of Nairobi-1977 Bachelor of Architecture- University of Nairobi-1973 |
| Mrs. Getude Muthoni Namu | Master of Education in Library and Information Science- Kenyatta University-1989 Bachelor of Education – Kenyatta University-1978 |
| Mrs. Sophy Kirorei | Master of Arts in Management organization and Development- USIU – Nairobi -2000 Bachelor Degree in Education- University of Nairobi-1984 |
| Mr. Don.R.O. Riaroh | Bsc. Universit of Nairobi 1975 Msc. Univcrsity of Leicester (UK) 1985 |
| Rachel C. Atamba | B. A (UoN), MBA (Egerton) |

III. MANAGEMENT TEAM

| Name | Key profession/academic qualifications | Designation |
|----------------------------|--|---|
| Prof. Fred A.O Otieno | BSc- Eng (UON), Msc- Eng Newcastle, MBA – (Kwazulu Natal, PhD(Eng) Newcastle, FSAICE, FAAS, | Vice Chancellor |
| Prof. Joseph K.A Rotich | B.Sc. (UoN), M.Sc. (Southampton), Ph.D.(Shanghai) | Deputy Vice Chancellor (Administration & Finance) |
| Prof. Josephine K.W Ngaira | B.Ed. (UoN), M.A, Ph.D. (Moi), MKNAS | Deputy Vice Chancellor (Academic & Student's Affairs)) |
| Prof. Egara Kabaji | B.Ed., M.A.,(Kenyatta), Ph.D. (UNISA) | Deputy Vice Chancellor (Planning, Extension & Research) |
| Rachel C. Atamba | B. A (UoN), MBA (Egerton) | Registrar -Administration |
| Onyango Odhiambo | (B.A (UoN), Dip. HRM | Registrar- Planning , Research & Extension |
| Joash Mabonga | B.Ed, M.A (UoN) | Registrar-Academic Affairs |
| Bruno. N Ogama | BSc. MBA, CPA (K) | Ag. Finance Officer |

V. MANAGEMENT REPRESENTATION

This representation is provided in connection with the audit of the financial statements of Masinde Muliro University of Science and Technology for the year ended 2013/2014 for the purpose of expressing an opinion as to whether or not the financial statements present fairly, in all material respects, the financial position of Masinde Muliro University of Science and Technology as at 30th June 2014 and the results of its operations and its cash flows for the year then ended in accordance with Section 29 of the Exchequer and Audit Act, Cap 412.

We acknowledge our responsibility for the accuracy of the accounting records and the fair presentation of the financial statements and we confirm, to the best of our knowledge and belief, the following representations given to you in connection with your duties as auditors of Masinde Muliro University of Science and Technology for the year ended 2013/2014.

1. Accounting policies

The accounting policies used by Masinde Muliro University of Science and Technology are as stated in the financial statements and are consistent with those of previous years.

2. Accounting records and transactions

2.1 We have made available to you all books of accounts and supporting documentation and all minutes of meetings and no such information has been withheld.

2.2 The financial statements are free of material misstatements including omissions. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

2.3 We have no plans that may alter materially the carrying value or classification of assets and liabilities reflected in the financial statements.

2.4 Except as disclosed in the financial statements, the results of operations for the year were not materially affected by transactions of an extraordinary or abnormal nature or of a sort not usually undertaken by Masinde Muliro University of Science and Technology or items relating to a prior year.

2.5 All transfer payments have been properly and completely accounted for and have been recorded in the proper period.

2.6 Personnel expenditure represents payments in respect of services which have been rendered to Masinde Muliro University of Science and Technology by 1,020 employees on the payroll of the year 2013/14.

3. Assets

3.1 We have no plans or intentions that will result in any excess or obsolete inventory.

3.2 Masinde Muliro University of Science and Technology has satisfactory title to all assets, and there are no liens or encumbrances on Masinde Muliro University of Science and Technology's assets in favour of third parties.

3.3 All assets were maintained and were stored in good condition during the financial year.

3.4 The current assets in the financial statements are expected, in our opinion, to produce at least the



IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

I have the pleasure to present the 12th Annual Report and Accounts for the year ended 30th June 2014

The Result

The University recorded a surplus of **Kshs 1,368,172/=** for the period under review. This was a big improvement from a deficit of **Kshs 51,442,545/=** reported in the previous year due to stringent financial controls especially on the operations and maintenance activities. During the period under review the University implemented the new collective bargaining agreements (CBAs) signed between the various University Unions and Management. These increases in the personal emoluments are thus based on Unions negotiations that makes cap on this expenditure difficult to control. Previous deficits were attributed to insufficient allocation of capitation from the exchequer. With improved capitation this financial year, we hope to turn the trend towards surpluses in future.

Capital Projects

The University has made commendable strides in the area of capital development from as little as **Kshs 110,438,928/=** in net value of its fixed assets in 2004 to **Kshs 1,892,171,450/=** in the year under review. However the capital grant allocation has always been too low to complete a single planned project. The University requires workshops for the Engineering faculty plus the much needed equipment for engineering and the sciences, tuition block, more teaching space and hostels to accommodate the rising number of students. The University meets the need for Engineering workshops and science laboratory work by sending students to other universities that levy charges on the university. We expect to change this by equipping our workshops and laboratories.

Staffing

The University is near a crisis in staffing for teaching staff due to the increased number of universities and constituent colleges across the country. We have lost over a high number of lecturers and technical staff and we require to aggressively recruit replacement.

Conclusion

I would like to conclude by congratulating all staff and students for the harmony and support they have given management throughout the period under review.



F.A.O Otieno.
FAAS,PhD,FSAICE,MBA
VICE CHANCELLOR

amounts at which they are stated. Adequate provision, in our opinion, has been made against all amounts owing to the debtors, which are known and may be expected to become irrecoverable.

4. Liabilities

4.1 Masinde Muliro University of Science and Technology has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

4.2 There have been no events subsequent to period end that requires adjustment of or disclosure in the financial statements or notes thereto.

4.3 We are not aware of any capital expenditure projects entered into without a legal contract. There were no purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

5. Other Matters

5.1 There have been no irregularities involving management or employees that have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

5.2 All known, actual or possible, non-compliance with laws and regulations, the effects of which should be considered when preparing financial statements, have been disclosed to the auditors.

5.3 Masinde Muliro University of Science and Technology has not incurred any unauthorized expenditure during the year under review.

5.4 Except as disclosed in the financial statements, no transactions involving management and others requiring disclosure in the financial statements have been entered into. We confirm the completeness of the information provided regarding the identification of related parties. The identity of, and balances and transactions with, related parties have been properly recorded and, where appropriate, adequately disclosed in the financial statements.

5.5 The required tender procedures have been followed and no commissions have been received by any employee of Masinde Muliro University of Science and Technology

Yours Faithfully,



F.A.O Otieno.

BSc (Civil Eng.) (UoN.), MBA (Durban Westville), Ph.D.(Newcastle Upon Tyne), FSAICE,S FWISA, FAAS, Pr Eng

VICE CHANCELLOR

J.K.A Rotich ,

B.Sc. (UoN), M.Sc. (Southampton), Ph.D.(Shanghai)

DEPUTY VICE CHANCELLOR (A&F)



B.N. Ogama

BSc. MBA , C.P.A. (K)

A.G FINANCE OFFICER

VI. REPORT OF THE UNIVERSITY COUNCIL

The University Council submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of Masinde Muliro University of Science and Technology's affairs.

Principal activities

The principal activities of the University are teaching, research, and extension services.

Results

The results of the University for the year ended June 30, 2014 are set out on pages 1 to 8.

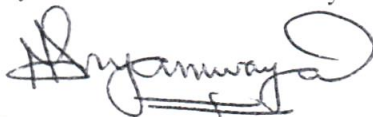
University Council

The members of the Board of University Council who served during the year are shown on page iv. In accordance with Regulation of the Universities Act 2012. Reappointment is done by the Ministry of Education Science and Technology.

Auditors

The Auditor General is responsible for the statutory audit of the Masinde Muliro University of Science and Technology in accordance with 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 University Council



Dr. David Nyamwaya
Chairman of Council



Prof Fred. A.O Otieno
Vice Chancellor

Masinde Muliro University of Science and Technology
Kakamega.

Date: 15th September 2014

VII. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the University Council to prepare financial statements in respect of Masinde Muliro University of Science and Technology, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The University Council is also required 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.

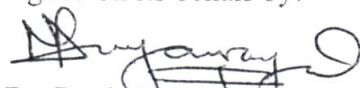
The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) 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 University ; (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 University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The University Council accept responsibility for the University '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 University Council are of the opinion that the University 's financial statements give a true and fair view of the state of University 's transactions during the financial year ended June 30, 2014, and of the University 's financial position as at that date. The University Council further confirm the completeness of the accounting records maintained for the University , which have been relied upon in the preparation of the University 's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Board on 15th September 2014 and signed on its behalf by:



Dr. David Nyamwaya
Chairman of Council



Prof Fred. A.O Otieno
Vice Chancellor

REPUBLIC OF KENYA



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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2014

REPORT OF THE FINANCIAL STATEMENTS

I have audited the accompanying Financial Statements of Masinde Muliro University of Science and Technology set out on pages 1-22, 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

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 14 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 adverse audit opinion.

Basis for Adverse Opinion

1. Accuracy and Completeness of the Financial Statements

The University's financial statements as at 30 June 2014 had several casting errors and the opening balances varied with the last audited financial statements.

The ledgers and support working schedules for some balances in the financial statements were not made available for audit review.

In addition, the budget information was not presented in compliance with IPSAS 24 despite the explanation under Note XV.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed as at 30 June 2014.

2. Non-Current Assets

The statement of financial position Note No. 19 reflect property, plant and equipment of Kshs.2,001,180,904.00 under non-current assets as at 30 June 2014. However, the individual balances of the various classes of non-current assets from the general ledger amounts to Kshs.1,853,325,512.16 resulting to unexplained over statement of Kshs.147,855,391.84.

Further, the university did not maintain an updated Fixed Asset Register consisting of the assets' description, serial numbers, value at purchase, depreciation value for the year, condition, current value and location for its fixed asset costing Kshs.2,001,180,904.00.

Consequently, the accuracy, location and security of the Non-Current Assets balance of Kshs.2,001,180,904.00 as at 30 June 2014 could not be confirmed.

3. Current Liabilities

The Statement of financial position reflects total current liabilities balance of Kshs.910,256,376.00 as at 30 June 2014. Included in the balance are creditors of Kshs.259,321,564.00 out of which Kshs.219,310,361.00 could not be confirmed as detailed analysis were not availed for audit verification. Further, schedules were not provided to support Kshs.10,128,796.00 and Kshs.7,522,947.00 for CBA salary arrears and donor funds for ongoing research projects respectively. In addition,

caution money of Kshs.13,624,00.00 under refundable deposits were also not supported by any schedule.

Consequently, the accuracy and completeness of the current liabilities balance of Kshs.910,256,375.00 could not be confirmed as at 30 June 2014.

4. Receivables from exchange transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.198,305,170 as at 30 June 2014. Included under receivables from exchange transactions balance are student debtors of Kshs.207,174,962.00 and staff debtors of Kshs.2,198,068.00 imprests of Kshs.3,128,204.75 and over-paid allowances of Kshs.4,708,931.00 all totalling Kshs.10,035,204.00 were not supported by detailed schedules and workings.

Further, provision for bad debts unbanked cash of Ksh.20,717,496 and Kshs.3,726,000 respectively were not explained in the notes and or supported.

As a result, the receivables from exchange transactions balance of Kshs.198,305,170.00 under current assets could not be confirmed as correct as at 30 June 2014.

5. Revenue from exchange transactions

The statement of financial performance reflects total revenue from exchange transactions of Kshs.930,113,881 for the year ended 30 June 2014. However, sundry Income of Kshs.15,130,050.00 was not supported by schedules and any workings.

Consequently, the accuracy and propriety of the total balance of revenue from exchange transactions of Kshs.930,113,881.00 could not be confirmed.

6. Employment Costs

The Statement of financial performance reflects employment costs of Kshs.1,475,530,517.00 as at 30 June 2014. However, schedules supporting the composition of salary arrears of Kshs.100,888,651.00 were not provided for audit review. Consequently, the accuracy of the employment costs balance of Kshs.1,475,530,517.00 for the year ended could not be ascertained.

7. Weak Budget Control

The university planned and budgeted to raise revenue of Kshs.216,818,000 for its rendered services. However, the University failed to meet the budget ceiling as it realized a revenue shortfall of Kshs.124,120,303.00. Further, it incurred an expenditure of Kshs.1,345,075,774.00 against a budget of Kshs.1,939,485,360.00 resulting in under expenditure of Kshs.594,409,586.00. In addition, the University incurred over expenditure of Kshs.421,624,094.00 against various items without approval by the Council.

In the circumstances it has not been clear how the University financed the huge over expenditure of Kshs.421,624,094.00 during the year and the measures put in place to remedy revenue shortfalls.

8. Un-vouched Expenditure

Expenditure totaling to Kshs.100,258,545.31 incurred on repairs and maintenance, general expenses were not supported by payment vouchers and other related documents. Further, payments amounting to Kshs.4,051,981.74 on water, electricity and conservancy lacked supporting documents.

Consequently, the propriety of the University expenditure of Kshs.104,310,527.05 could not be ascertained as at 30 June 2014.

9. Unsupported Contract Variation

The University entered into a contract agreement with a firm for the supply and installation of library security systems at quoted price of Kshs.5,699,997.79 as shown in the report of the technical evaluation committee. However, the final contract agreement signed between the firm and the University was for Kshs.6,383,899.88 resulting to unexplained contract price variation of Kshs.683,902.09. No tender committee minutes for this variation of contract price were made available for audit review.

As a result the propriety of the contract variation expenditure of Kshs.683,902.09 could not be confirmed as at 30 June 2014.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion Paragraph, the financial statements do not give a true and fair view of the financial position of the University as at 30 June 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and the Public Audit Act, 2003.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 June 2015

IX. STATEMENT OF FINANCIAL PERFORMANCE

I. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

| | Notes | 2,014 | 2,013 |
|---|-------|------------------------|------------------------|
| Revenue from non-exchange transactions | | | |
| Public contributions and donations | 1 | 1,184,353,973 | 1,109,230,272 |
| Sub-Total | | 1,184,353,973 | 1,109,230,272 |
| Revenue from exchange transactions | | | |
| Rendering of services | 2 | 906,800,469 | 1,042,168,916 |
| IGU Income | 3 | 8,183,362 | (3,384,716) |
| Sundry Income | | 15,130,050 | |
| Sub-Total | | 930,113,881 | 1,040,682,100 |
| Total revenue | | 2,114,467,854 | 2,149,912,372 |
| Expenses | | | |
| Bulk purchases of water and electricity | 4 | (23,957,066) | (22,623,471) |
| Employee costs | 5 | (1,475,530,517) | (1,403,611,031) |
| Remuneration of council | 6 | (17,191,207) | (21,752,956) |
| Depreciation and amortization expense | 7 | (46,425,004) | (47,414,205) |
| Repairs and maintenance | 8 | (25,884,776) | (49,535,359) |
| Contracted services | 9 | (95,928,410) | (115,279,467) |
| General expenses | 10 | (428,182,703) | (541,138,428) |
| Total expenses | | (2,113,099,682) | (2,201,354,919) |
| Other gains/(losses) | | | |
| Surplus for the period | | 1,368,172 | (51,442,545) |
| Provision for bad debts | | (20,717,496) | (22,028,167) |
| Prior year adjustment | | - | (217,414,581) |
| Attributable to: | | | |
| Revenue Reserves | | (19,349,324) | (290,885,293) |

The notes set out on pages 6 to 17 form an integral part of the Financial Statements


X. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

| Assets | Note | 2,014 | 2,013 |
|--|------|----------------------|----------------------|
| Current assets | | | |
| Cash and cash equivalents | 11 | 124,779,603 | 33,448,222 |
| Receivables from exchange transactions | 12 | 198,305,170 | 214,208,042 |
| Receivables from non-exchange transactions | 13 | - | 72,627,523 |
| Inventories | 14 | 21,218,792 | 28,907,508 |
| | | 344,303,565 | 349,191,295 |
| Non-current assets | | | |
| Property, plant and equipment | 20 | 2,001,180,904 | 1,799,277,462 |
| | | 2,001,180,904 | 1,799,277,462 |
| Total assets | | 2,345,484,470 | 2,148,468,757 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 16 | 259,321,564 | 489,346,908 |
| Tax Arrears | | 400,899,556 | 217,414,581 |
| Refundable deposits from customers | 17 | 171,634,813 | 45,401,681 |
| Employee benefit obligation | 18 | 60,718,699 | 104,182,986 |
| Payments received in advance | | 10,128,796 | |
| Donor Funds | | 7,552,947 | 9,826,084 |
| Sub-Totals | | 910,256,376 | 866,172,240 |
| Total liabilities | | 910,256,376 | 866,172,240 |
| Equity | | | |
| Accumulated surplus | | (451,704,361) | (432,355,036) |
| Reserves | | 1,886,932,455 | 1,714,651,553 |
| Total Equity (net assets and liabilities) | | 1,435,228,094 | 1,282,296,517 |
| The Financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by: | | 2,345,484,470 | 2,148,468,757 |

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by:

Dr. David Nyamwaya
Chairman of Council

Date: 30/9/14


Prof. Fred. A.O. Otieno
Vice Chancellor

Date: 30/9/14

XI. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2014

| | Reserves | | Total |
|-----------------------------------|---|----------------------|----------------------|
| | Capital replacement development reserve | Accumulated surplus | |
| | Kshs '000 | Kshs '000 | Kshs '000 |
| Balance as at 30 JUNE 2012 | 1,507,801,500 | (141,409,742) | 1,366,391,758 |
| Surplus/(deficit) for the period | - | (290,945,294) | (290,945,294) |
| Capital Development Grants | 206,850,053 | - | 206,850,053 |
| Balance as at 30 JUNE 2013 | 1,714,651,553 | (432,355,036) | 1,282,296,517 |
| Surplus for the period | - | (19,349,326) | (19,349,326) |
| Capital Development Grants | 172,280,902 | - | 172,280,902 |
| Balance as at 30 JUNE 2014 | 1,886,932,455 | (451,704,362) | 1,435,228,093 |

XIII STATEMENT OF CASH FLOWS

| Cash flows from operating activities | Note | 2013-2014 | 2012-2013 |
|--|------|--|--|
| Receipts | | | |
| Public contributions and donations | | | 1,109,230,272 |
| Government grants and subsidies | | 1,184,353,973 79,538,448 | 206,850,053 |
| Rendering of services | | 906,800,469 | 1,042,168,916 |
| Other income, rentals and agency fees | | 23,313,412 | (3,384,716) |
| Total Receipts | | <u>2,194,006,302</u> | <u>2,354,864,525</u> |
| Payments | | | |
| Compensation of employees | | | |
| Rent paid | | (1,475,530,517) | (1,403,611,031) |
| Other payments | | (52,654,909) <u>(643,799,071)</u> | (65,117,740) |
| Total Payments | | <u>(2,171,984,498)</u> | <u>(815,447,421)</u> |
| Net cash flows from operating activities | | <u>22,021,805</u> | <u>70,688,333</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | | |
| Net cash flows used in investing activities | | <u>(248,328,446)</u> <u>(248,328,446)</u> | <u>(188,382,030)</u> <u>(188,382,030)</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>91,331,381</u> | <u>(2,923,576)</u> |
| Cash and cash equivalents at 1 July 2013 | 19 | 33,448,222 | 36,371,798 |
| Cash and cash equivalents at 30 June 2014 | 20 | 124,779,603 | 33,448,222 |

XIV STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference |
|-------------------------------------|----------------------|---------------------|----------------------|----------------------------|------------------------|
| | 2013-2014 | 2013-2014 | 2013-2014 | 2013-2014 | 2013-2014 |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Revenue | | | | | |
| Public contributions and donations | 1,225,852,000 | 165,138,892 | 1,390,990,892 | 1,184,353,973 | -206,636,919 |
| Rendering of services | 1,382,867,665 | (163,050,256) | 1,219,817,409 | 906,800,469 | -313,016,940 |
| Sale of goods & Services | 52,230,000 | (30,534,756) | 21,695,244 | 23,313,412 | 1,618,168 |
| Total income | 2,660,949,665 | -28,446,120 | 2,632,503,545 | 2,114,467,854 | -518,035,691 |
| Expenses | | | | | |
| Compensation of employees | 1,833,834,931 | (300,515,475) | 1,533,319,456 | 1,475,530,517 | 57,788,939 |
| Goods and services/General expenses | 425,890,602 | (45,359,807) | 380,530,795 | 428,182,703 | -47,651,908 |
| Rent paid | 18,657,172 | - | 18,657,172 | 52,654,909 | -33,997,737 |
| Other payments (exlc Depreciation) | 382,566,960 | (79,629,348) | 302,937,612 | 156,731,553 | 146,206,059 |
| Total expenditure | 2,660,949,665 | -425,504,630 | 2,235,445,035 | 2,113,099,682 | 122,345,353 |
| Surplus for the period | - | 397,058,510 | 397,058,510 | 1,368,172 | (395,690,338) |



XV. NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance and basis of preparation – IPSAS 1

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

Summary of significant accounting policies

a) Revenue recognition

Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The University recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

Revenue from exchange transactions – IPSAS 9

Rendering of services

The University 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 University.

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 – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or University 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) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Leases – IPSAS 13

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the University. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) 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. 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.

g) Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale
Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development

Following initial recognition of an asset, 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.

h) Financial instruments – IPSAS 29

i) Inventories – IPSAS 12

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 is 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 University.

j) Provisions – IPSAS 19

Provisions are recognized when the University 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 University 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 University 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.

k) Changes in accounting policies and estimates – IPSAS 3

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

l) Employee benefits – IPSAS 25

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an University pays fixed contributions into a separate University (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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions – IPSAS 4

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.

n) Related parties – IPSAS 20

The University regards a related party as a person with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties and comprise the Council members, University management board, University Senate, Dean of Faculties, Directors of various units and Chairmen of Departments..

o) 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.

p) Comparative figures

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

q) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the University'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 University 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 University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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:

- The condition of the asset based on the assessment of experts employed by the University
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

r) Subsequent events – IPSAS 14

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.

XVI .Notes to the Financial Report

1. Public Contribution & Donations

| Period | 2,014 Kshs. | 2,013 Kshs. |
|----------------------------|-----------------------------|----------------------|
| July | 102,140,000 | 72,627,523 |
| August | 266,200,000 | Nil |
| September | 72,627,522 | 72,627,523 |
| October | 81,570,000 | 72,627,523 |
| November | 95,173,312 | 72,627,523 |
| Arrears November | 80,991,302 | 72,627,523 |
| December | - | 237,700,000 |
| January | 80,991,302 | 72,627,523 |
| February | 80,991,302 | 72,627,523 |
| March | 80,991,302 | 72,627,523 |
| April | 80,991,302 | 72,627,523 |
| May | 115,803,791 | 72,627,523 |
| June | 80,991,302 | 72,627,523 |
| Refund of Excess CBA Funds | 65,952,644 (101,061,108) | 72,627,523 Nil |
| Total | 1,184,353,973 | 1,109,230,272 |

2. Rendering of services

| | 2,014 Shs | 2,013 Shs |
|---|--------------------|----------------------|
| Tuition Fees (PSSP) | 673,471,978 | 759,372,590 |
| Tuition Fees (JAB) | 62,962,700 | 61,832,000 |
| PhD | 26,170,250 | |
| Masters | 21,034,500 | |
| Postgraduate fees | | 38,316,000 |
| Diploma Cert & Bridging Fees | | 37,302,500 |
| Attachment Fees | 22,334,706 | 37,495,600 |
| Thesis | 9,179,335 | 12,527,000 |
| Identity | 9,089,500 | 981,750 |
| Medical Subsidy | 611,000 | |
| Activity Fees | 19,472,200 | 20,373,750 |
| Examination Fees | 12,673,000 | 11,558,000 |
| Registration Fees | 11,520,200 | 15,919,100 |
| Application Fees | 1,341,600 | 2,269,100 |
| Amenity | 2,580,000 | 3,533,426 |
| Supervision | 9,469,000 | 10,962,000 |
| Fields Trips | 19,597,500 | 26,318,000 |
| Computer Fees | 1,695,000 | 1,821,000 |
| | 3,598,000 | 3,425,000 |
| Total revenue from the rendering of services | 906,800,469 | 1,044,006,816 |

3. Other income

| | 2,014 | 2,013 |
|---------------------------|--------------------------|---------------------------|
| | Shs | Shs |
| Catering Unit | 3,346,605 | (23,741,643) |
| Production Unit | 3,324,240 | 1,436,710 |
| Farm Unit | - | (218,000) |
| Bookshop | 251,517 | (129,980) |
| Library | 560,000 | 676,747 |
| Estates | 680,000 | 710,352 |
| MMUST FM | 21,000 | 104,000 |
| Accommodation Income | 12,500,000 | 9,410,006 |
| Sale of Tender documents | 30,000 | 1,123,000 |
| Sundry income | <u>2,600,050</u> | <u>7,244,092</u> |
| Total other income | <u>23,313,412</u> | <u>(3,384,716)</u> |

4. Bulk purchases of water and electricity

| | 2,014 | 2,013 |
|-----------------------------|--------------------------|--------------------------|
| | Shs | Shs |
| Electricity and water | <u>23,957,066</u> | <u>22,623,471</u> |
| Total bulk purchases | <u>23,957,066</u> | <u>22,623,471</u> |

5. Employee costs

| | 2,014 | 2,013 |
|--|-----------------------------|-----------------------------|
| | Shs | Shs |
| Employee related costs - salaries and wages | 622,863,648 | 660,923,838 |
| Employee related costs - contributions to pensions | 120,389,176 | 132,184,768 |
| Housing benefits and allowances | 350,994,798 | 382,319,919 |
| Commuter & Car Allowances | 110,494,493 | 158,384,265 |
| Other allowances | 80,189,972 | 103,093,935 |
| Medical aids | 45,078,178 | 68,500,914 |
| Part time payments | 44,631,601 | 30,388,160 |
| Salary Arrears | <u>100,888,651</u> | <u>0.00</u> |
| Employee costs | <u>1,475,530,517</u> | <u>1,535,795,799</u> |

6. Remuneration of council

| | 2,014 | 2,013 |
|-----------------------------------|--------------------------|--------------------------|
| | Shs | Shs |
| Subsistence Allowance | 1,323,900 | 13,150,120 |
| Sitting Allowance | 12,338,432 | 2,120,000 |
| Transport allowance | 927,910 | 3,780,150 |
| Honoraria | <u>2,600,965</u> | <u>2,702,686</u> |
| Total council remuneration | <u>17,191,207</u> | <u>21,752,956</u> |

7. Depreciation and amortization expense

| | 2,014 | 2,013 |
|--|-------------------|-------------------|
| | Shs | Shs |
| Property, plant and equipment | 46,425,004 | 47,414,205 |
| Total depreciation and amortization | 46,425,004 | 47,414,205 |

8. Repairs and maintenance

| | 2,014 | 2,013 |
|--------------------------------------|-------------------|-------------------|
| | Shs | Shs |
| Computers | 1,196,760 | 9,487,287 |
| Plant and equipment | 4,203,320 | 7,194,922 |
| Buildings | 2,890,585 | 9,474,349 |
| Playgrounds | 885,550 | 1,319,475 |
| Water and Sewarage | 1,698,000 | 3,438,700 |
| Catering and Hostels | 833,963 | 2,507,674 |
| Motor Vehicles | 14,176,598 | 16,112,952 |
| Total repairs and maintenance | 25,884,776 | 49,535,359 |

9. Contracted services

| | 2,014 | 2,013 |
|----------------------------------|-------------------|--------------------|
| | Shs | Shs |
| Security Services | 20,564,324 | 16,684,444 |
| Rent | 52,654,909 | 65,117,740 |
| Insurance | 16,091,065 | 24,597,845 |
| Cleaning services | 6,618,111 | 8,879,438 |
| Total contracted services | 95,928,410 | 115,279,467 |

10. General expenses

The following are included in general expenses:

| | 2,014 | 2,013 |
|--|--------------------|--------------------|
| | Shs | Shs |
| Advertising | 17,145,735 | 19,913,282 |
| Transport | 14,405,690 | 9,542,718 |
| Audit fees | 1,060,026 | 1,212,000 |
| Inter university games | 1,547,920 | 3,283,177 |
| Student Expenses | 14,884,242 | 18,942,145 |
| Muso | 2,482,300 | 4,644,116 |
| PssP payments | 216,203,018 | 288,027,351 |
| Sports Equipment | 273,800 | 373,200 |
| Tamasha Festival | 3,657,049 | 5,134,030 |
| Pension Trustee | - | 27,000 |
| Hire charges (Transport ,plant and Machinery) | 25,500 | 776,710 |
| Tender | 253,550 | 774,400 |
| Sundry Expenses | 650,000 | 155,101 |
| Robotic | 72,735 | 134,739 |
| Affiliation Fees | 10,110,310 | 8,163,590 |
| Mmust ISO | 2,386,724 | 1,854,675 |
| Tavel & Accomodation | 14,672,266 | 19,657,913 |
| Office Expenses | 3,238,236 | 5,620,903 |
| Telephone Expenses | 13,632,144 | 17,199,505 |
| Stationery | 15,377,580 | 16,810,539 |
| Purchase of Uniforms | 1,645,650 | 1,736,157 |
| Official Entertainment | 359,900 | 809,645 |
| Postal and Telegrams | 830,778 | 1,639,349 |
| Publishing and Printing | 5,400,258 | 3,657,348 |
| Public Celebrations and fuels | 350,500 | 610,224 |
| Bank Charges | 2,109,392 | 2,476,368 |
| Training Expenses | 1,842,514 | 4,305,125 |
| Shows | 9,466,115 | 4,278,498 |
| Teaching Materials | 8,280,084 | 12,797,120 |
| External Examiners | 3,957,293 | 1,396,396 |
| Students' registration Expenses | 2,658,000 | 1,054,500 |
| Senate | 762,600 | 998,928 |
| Graduation | 12,829,340 | 11,233,325 |
| School Practice | 7,700,560 | 6,921,234 |
| Industrial Attachment | 14,773,611 | 33,608,217 |
| Research Programmes | 2,955,158 | 3,512,535 |
| Seminars & Conferences | 7,087,174 | 7,929,831 |
| New Programmes | 1,180,116 | 1,673,583 |
| Library Expenses | 10,195,031 | 11,861,254 |
| Computer Expenses | 1,719,804 | 6,391,697 |
| Total general expenses | 428,182,703 | 541,138,428 |

11. Cash and cash equivalents

| | 2,014 | 2,013 |
|-----------------------|--------------------|-------------------|
| | Shs | Shs |
| Bank and Cash Balance | <u>124,779,603</u> | <u>33,448,222</u> |
| | 124,779,603 | 33,448,222 |

12. Receivables from exchange transactions

| | 2,014 | 2,013 |
|----------------------------------|--------------------|--------------------|
| Current receivables | Shs | Shs |
| Students debtors | 207,174,962 | 220,281,665 |
| Staff debtors | 10,035,204 | 13,930,543 |
| Prepayments and Accrued Income | 1,574,000 | 1,574,000 |
| Sundry Debtors | 238,500 | 450,000 |
| Unbanked cash | 3,726,000 | 3,726,000 |
| Provision for bad debts | (20,717,496) | (22,028,166) |
| Provision for unbanked Cash | (3,726,000) | (3,726,000) |
| Total current receivables | 198,305,170 | 214,208,042 |

13. Inventories

| | 2,014 | 2,014 |
|--|-------------------|-------------------|
| | Shs | Shs |
| Consumable stores | 21,218,792 | 28,907,508 |
| Total inventories at the lower of cost and net realizable value | 21,218,792 | 28,907,508 |

14. Receivables from non-exchange contracts

| Current receivables | 2,013 | 2,014 |
|----------------------------------|-------------|-------------------|
| | Shs | Shs |
| Gok Capitation | Nil | 72,627,523 |
| Total current receivables | - | 72,627,523 |
| | | |
| Total Assets | 344,303,565 | 349,191,295.0 |

15. Trade and other payables from exchange transactions

| | 2,014 | 2,013 |
|---------------------------------------|--------------------|--------------------|
| | Shs | Shs |
| Sundry Creditors | 259,321,564 | 331,633,744 |
| Tax Arrears | 400,899,556 | 217,414,581 |
| Construction Bills | 92,697,454 | 106,424,601 |
| PSSP Arrears | 48,124,319 | |
| Prepaid Fees | 29,813,040 | 50,288,563 |
| Audit Fees | 1,000,000 | 1,000,000 |
| Total trade and other payables | 831,855,933 | 706,761,489 |

16. Refundable deposits from customers

| | 2,013 | 2,014 |
|-----------------------|-------------------|-------------------|
| | Shs | Shs |
| Caution money | 13,642,000 | 12,921,000 |
| Retention Money | <u>47,076,699</u> | <u>32,480,681</u> |
| Total deposits | 60,718,699 | 45,401,681 |

17. Refundable deposits from Customers

| | 2,013 | 2,014 |
|---|--------------------|-----------------------|
| | Shs | Shs |
| CBA salary arrears | 10,128,796 | - |
| June 2014 payroll | - | 104,182,986 |
| Donor Funds | 7,552,947 | 9,826,084 |
| Total employee benefit liability | <u>17,681,743</u> | <u>114,009,070.00</u> |
| Total liability | <u>910,256,375</u> | <u>866,172,240.00</u> |

18. Cash generated from operations

| | 2,014 | 2,013 |
|---|--------------------|----------------------|
| | Shs | Shs |
| Surplus for the year before tax | (19,349,326) | (290,945,295) |
| Adjusted for: | | |
| Depreciation | 46,425,004 | 47,414,205 |
| Working capital adjustments: | | |
| Decrease in inventory | 7,688,716 | 872,507 |
| Increase in receivables | 94,376,664 | |
| Increase in payables | <u>38,237,867</u> | <u>(140,467,278)</u> |
| Net cash flows from operating activities | <u>167,378,925</u> | <u>(21,391,600)</u> |

19. Plant, Property and Equipment

| Cost | Land and Buildings Shs | Work in Progress Shs | Plant and Equipments Shs | Computers Shs | Furniture Shs | M/Vehicles Shs | Total Shs |
|------------------------|---------------------------|-------------------------|-----------------------------|------------------|------------------|-------------------|---------------|
| At 1 July 2012 | | | | | | | |
| Additions | 608,966,896 | 1,028,431,791 | 138,186,034 | 48,964,504 | 66,031,153 | 89,432,460 | 1,980,012,838 |
| At 30 June 2013 | - | 162,757,455 | 6,776,971 | 6,694,406 | 5,286,285 | 6,866,913 | 188,382,030 |
| Additions | 608,966,896 | 1,191,189,246 | 144,963,005 | 55,658,910 | 71,317,438 | 96,299,373 | 2,168,394,868 |
| At 30 June 2014 | 50,405,062 | 172,280,902 | 4,986,376 | 9,398,904 | 2,406,340 | 8,850,862 | 248,328,446 |
| | 659,371,958 | 1,363,470,148 | 149,949,381 | 65,057,814 | 73,723,778 | 105,150,235 | 2,416,723,314 |
| Depreciation | | | | | | | |
| At 1 July 2012 | | | | | | | |
| Depreciation | (57,227,961) | - | (118,999,630) | (41,008,532) | (33,871,448) | (70,595,630) | (321,703,201) |
| At 30 June 2013 | (10,835,730) | - | (11,628,883) | (8,784,673) | (8,250,981) | (7,913,938) | (47,414,205) |
| Depreciation | (68,063,691) | - | (130,628,513) | (49,793,205) | (42,122,429) | (78,509,568) | (369,117,406) |
| At 30 June 2014 | (11,843,831) | - | (11,349,316) | (5,910,202) | (7,862,847) | (9,458,809) | (46,425,004) |
| | (79,907,522) | - | (141,977,829) | (55,703,407) | (49,985,276) | (87,968,377) | (415,542,410) |
| Net book values | | | | | | | |
| At 30 June 2012 | 551,738,935 | 1,028,431,791 | 19,186,404 | 7,955,972 | 32,159,705 | 18,836,830 | 1,658,309,637 |
| At 30 June 2013 | 540,903,205 | 1,191,189,246 | 14,334,492 | 5,865,705 | 29,195,009 | 17,789,805 | 1,799,277,462 |
| At 30 June 2014 | 579,464,436 | 1,363,470,148 | 7,971,552 | 9,354,407 | 23,738,502 | 17,181,859 | 2,001,180,904 |