



University of  
**Eldoret**

flame of knowledge and innovation

*PAPSE 2017  
for the leader  
of majority  
party's Hon  
Aden Duale  
on 21.3.2017  
[Signature]*



## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDING 30<sup>TH</sup> JUNE 2015

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

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## I. KEY CORPORATE INFORMATION AND MANAGEMENT

### (a) Background information

University of Eldoret was established as a fully fledged University after being awarded a Charter on 11<sup>th</sup> February 2013 by the then President of the Republic of Kenya His Excellency Mwai Kibaki and became the 14th public university in Kenya. The University was a Constituent College of Moi University from August 2010 to 10<sup>th</sup> February 2013. The University is represented by the University Council, through the Vice Chancellor who is responsible for the general policy and strategic direction of the University.

### (b) Principal Activities

The Core business of the University as provided by the Universities Act 2012 of the Laws of Kenya includes:

- Teaching, Research and Technology Innovations
- Corporate social responsibility and Promotion of social fairness
- Cooperation with Government in the planned development of university education
- Advisory and consultancy services

#### Vision

To be a premier University that is globally visible in knowledge generation and technological innovations.

#### Mission

To provide high quality education and training in science, agriculture and technology that promotes networking, partnerships and linkages with other institutions and industry.

#### Core Values

At University of Eldoret, we are committed to:

- 1) Integrity;
- 2) Innovativeness;
- 3) Customer satisfaction;
- 4) Competitiveness;
- 5) Equity; and
- 6) Responsiveness.

#### Objectives and Functions

- 1) To excel in teaching, research consultancy and outreach;
- 2) To acquire, maintain, preserve and organize the collection of library resources for learning;
- 3) To provide students with secure accommodation, adequate health services and recreational facilities for holistic development;
- 4) To advance in science, technology and innovation for sustainable development
- 5) To acquire, develop and maintain quality infrastructure for academic excellence;
- 6) To attract, recruit, develop and retain high quality staff of both gender;
- 7) To ensure revenue growth through effective management of costs and resource mobilization to facilitate meeting of financial obligations;

- 8) To initiate and mainstream environmentally sound management systems; and
- 9) To establish and strengthen networks, partnerships and linkages.

### Quality Assurance Statement

University of Eldoret is committed to providing quality education and services that meet the needs of its customers and other stakeholders through quality and relevant teaching, research consultancy and outreach.

### (c) Key Management

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

- University Management Board (UMB);
- University Senate; and
- University Deans Committee.

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Teresa A.O. Akenga
2.	Deputy Vice Chancellor (A&F)	Prof. Ezekiel K. Kiprop
3.	Deputy Vice Chancellor (ASA)	Prof. Ruth N. Otunga
4.	Registrar (Academic)	Prof. Paul K. Tarus
5.	Registrar (Administration)	Dr. Joseph K. Koech
6.	Finance Officer	CPA Hosea K. Sitienei
7.	Legal Officer	Ms Joyce J. Maina

### (e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements exist between the University and the organs listed below:

- Audit and Risk Management Committee of Council
- Ministry of Education, Science and Technology
- Parliamentary Committees on Investment (PIC) and Education (PCE)
- Public Procurement and Oversight Authority (PPOA)
- Ethics and Anti- Corruption Commission (EACC)
- Kenya National Audit (KENAO)

### (f) University Headquarters

P.O. Box 1125 - 30100  
Chepkoilel/Eldoret-Ziwa Road/Off Iten Road  
Eldoret, KENYA

**(g) University Contacts**

Telephone: (254) (0) 5363111, (254) (0) 532033712, (254) (0) 532033712

E-mail: [vc@uoeld.ac.ke](mailto:vc@uoeld.ac.ke)

Website: [www.uoeld.ac.ke](http://www.uoeld.ac.ke)

**(h) University Bankers**

- |  |  |
|--|--|
| 1. National Bank of Kenya Ltd<br>Eldoret Branch<br>P.O. Box 3111 - 30100<br>Eldoret, Kenya     | 2. Kenya Commercial Bank<br>Eldoret West Branch<br>P.O. Box 5197 - 30100<br>Eldoret, Kenya |
| 3. Standard Chartered Bank Ltd<br>Eldoret Branch<br>P.O. Box 7 - 30100<br>Eldoret, Kenya       | 4. Equity Bank Ltd.<br>Eldoret Branch<br>P.O. Box 2210 - 30100<br>Eldoret, Kenya           |
| 5. Co-operative Bank of Kenya Ltd<br>Eldoret Branch<br>P.O. Box 2948 - 30100<br>Nairobi, Kenya |  |

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

## II. THE UNIVERSITY COUNCIL



**1. Prof. Haroun N.K. Arap Mengech**  
(DoB – 1946)

MB, (Edinburgh), ChB,  
DPM,(UoN) MRC Psych,  
(Newcastle), MD, EBS



**2. Prof. Teresa A. O. Akenga, MBS**  
(DoB - 1963)

PhD(UNSW-Australia), MSc,  
B.Ed (Sc) (KU), MRSC



**3. Prof. Korwa Gombe Adar**  
(DoB – 1949)

Ph.D, M.A, (South Carolina, USA),  
MSc, BSc, (Indiana State University,  
USA)



**4. Mr. Donald Buigut Kimutai, EBS, MBS**  
(DoB – 1947)

M.A (York), B.A (Nbi) B. Phil (Nbi)



**5. Eng. Peter Njagi Njeru, EBS**  
(DoB – 1958)

MBA (Finance) Egerton, B.Sc (Civil  
Engineering) (Nbi) R.Eng, MIEK



**6. Mrs. Alice Kemunto Mayaka, CBS**  
(DoB – 1951)

MSc (HRD) (Manchester, UK),  
PGDCD (KU), B.Ed (Sc) (Nbi)



**7. Dr. Musangi J. Mutua**  
(DoB – 1962)

Ph.D (Nbi), MPA (Canberra-  
Australia), BA (Nbi) HD (HR, IHRM)



**8. Mr. Archer O. Arina**  
(DoB – 1966)

MSc (Southwest Jiaotong, China),  
B.Ed. & Ext (Egerton) - Alternate of  
Principal Secretary Ministry of  
Education, Science & Technology



**9. Mr. Daniel Mwanzia Mutua**  
(DoB – 1967)

MBA (MsM/ESAMI), B.Ed  
(Econ/Business) (KU), Alternate  
Cabinet Secretary National Treasury

### III. MANAGEMENT TEAM



1. **Prof. Teresa A. O. Akenga**, MBS  
Ph.D (UNSW-Australia), BSc, MSc  
(KU), MRSC

Vice-Chancellor and Secretary  
to the University Council



2. **Prof. Ezekiel K. Kiprop**  
Ph.D, MSc, BSc (Agric.)  
(UoN)

Deputy Vice-Chancellor,  
Administration and Finance



3. **Prof. Ruth N. Otunga**  
Ph.D (Curriculum) (MU), M.Ed  
(Curriculum) (KU), B.Ed (Home  
Economics) (UoN)

Deputy Vice-Chancellor,  
Academics & Student Affairs



4. **Prof. Paul K. Tarus**  
Ph.D (Chem) M.Sc (Chem) and B.Ed  
(Science) (KU)

Registrar Academics



5. **Dr. Joseph K. Koech**  
Ph.D, M.Ed (Uni. of Alberta) M.A,  
B.Ed (UoN)

Registrar Administration



6. **CPA. Hosea K. Sitienei**  
MBA (Salford, UK), PGDE (KU)  
CPA(K)

Finance Officer



7. **Ms. Joyce J. Maina**  
LLB (UoN) Diploma (Law) (KSL)

Legal Officer

#### IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present this financial report for the last financial year ended 30 June 2015. Following the elevation of the institution into a fully fledged University on 11<sup>th</sup> February 2013, we are excited to present our second financial reports and financial statements. This new status brought along with it several opportunities; increased enrolment; government support; network, linkages and collaborations. Along with these were also high levels of expectations from the student community, employees and other stakeholders.

##### **Operating Environment**

Indeed my Council is aware that the University came into being at a time when the higher education sector has changed drastically, with a historical record of increased numbers of higher education institutions in the County. Inevitably, with the number of students qualifying to join University increasing significantly over the years, the ever changing government policies, the existing operating environment is becoming extremely competitive. With the first cohort of students who benefited under the Free Primary Education and highly subsidized Secondary school education programs expected to join the University in the year, the demand for University education would continue to escalate. In response to this growing demand and the existing operating environment, we have to be prepared to increase physical facilities that would give us a competitive advantage.

##### **Strategic Plan**

During the period under review, the strategic plan is being implemented has envisioned to address the emerging challenges and take advantage of the existing opportunities in the operating environment. The strategic plan provides a clear roadmap to the University Council and Management during the next five years of the University's development – 2014 to 2019. The projects and activities for the year were therefore undertaken as per the strategic plan. It is expected that the Government, would contribute significantly towards the realization of our dreams as envisaged in the plan in terms of provision of the required financial resources. Other avenues to fund the planned expansion of the physical facilities and infrastructure would also be explored with the main focus being centred on resources mobilization and Private Public Partnership initiatives. Towards this end, the Resource Mobilization and Strategic initiatives directorate and a PPP Node were initiated and a concept note prepared during the year. It is expected that these units would be fully operationalized during the next financial year 2015/16.

The University nevertheless continued to expand and improve its requisite physical facilities as a result of increased population in terms of student and staff numbers. During the year under review, therefore the University completed the construction of a new library complex at a cost of **Kshs 97.7 million**. This is one of the landmark projects on campus. The construction of an additional facility to accommodate the School of Education programs at an estimated cost of **Kshs 159.1 million** continued as well during the year. It is expected that this magnificent project would also be completed in the next financial year – 2015/2016.

### **Conclusion**

I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the university is bright and secure. Our commitment as a Council is to continue setting the right tone at the top which is geared towards the realization of the University's vision and mission.

Finally, on behalf of Council, I take this opportunity to thank the Chancellor for her guidance and support during the year. To the Management, staff and students of University of Eldoret, I appreciate the commitment and hard work exhibited during the year. I also wish to thank the government, donors and all our stakeholders for their unwavering support. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.

**Prof. Haroun N.K. Arap Mengech MB, ChB, DPM, MRC Psych, MD, EBS**  
**CHAIRMAN OF COUNCIL**



Date: 20-5-16

## V. REPORT OF THE VICE CHANCELLOR

I am pleased to present my report for the 2014/2015 financial year which ended on 30<sup>th</sup> June 2015. Indeed, in the last two years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands and declining resource allocations to public Universities.

### Core Mandate

Despite the many challenges now inherent in this new operating environment, the University continued to discharge its mandate of teaching, research and outreach successfully throughout the year. By 30<sup>th</sup> June 2015, the student enrolment stood at **18,309** No. of students.

On 28<sup>th</sup> November 2014, the second graduation ceremony of the University was held and a total of **2457** No. students graduated with their distribution being **1002** No., **1358** No., **76** No. and **21** No. in terms of Diploma, Undergraduates, Masters and PhDs graduates respectively.

In our pursuit of our Motto “Flame of knowledge and innovation”, the University launched two wheat varieties; EldoMafuno and EldoBaraka during the year. I am also excited to report that the University attracted **Kshs. 86.5 million** through various initiatives by our teaching staff and students: a further confirmation of our continued commitment to research and innovation.

Research being one of the critical activities of the University continued normally with two University journals being launched and these are the African Environmental Review Journal Vol.2, School of Environmental Studies and the African Journal of Education, Science and Technology (AJEST) from the school of Education in collaboration with Anambra State University, Nigeria. In terms of collaborative research, the University had ten projects running throughout the year with most of them under the School of Agriculture and Biotechnology.

### Financial Performance

As in the previous year, the main source of funding to the university during this period under review was the Exchequer with a contribution of a total of **Kshs. 1.148 billion** for recurrent expenditure purposes as compared with **Kshs. 1.032 billion** in the previous year, after a refund of **Ksh.115.70 million** following a directive from the Parent Ministry which was meant for the 2010/2013 CBA arrears. Internally generated revenue at **Kshs. 949.35 million** during the year with fees paid by both the Government sponsored (GSSP) and Privately Sponsored Students Programme (PSSP) was the second major source of funding at **Kshs. 697.63 million**. In addition, the University generated a sum of **Kshs.1.34 million** from other commercial activities (IGAs); **Kshs. 39.23 million** from accommodation fees and **Kshs. 198.18 million** from other students' levies. In general, the University recorded an aggregate income of **Kshs. 2.098 billion** during the year, while the recurrent expenditure stood at **Kshs. 2.109 billion** with other gains mainly from biological assets of **Kshs. 4.38 million**. In general the University recorded a decline in financial performance of **Kshs. 0.67 million** during the year.

On the other hand, the Capital Development grants received by the University stood at **Kshs. 142 million** during the year against an allocation of **Kshs. 112.86million**. The amount was expended in the completion of the Library complex, Hotel and Hospitality Laboratory project, and construction of

the on-going School of Education complex and Engineering Complex. Indeed the construction works on the on-going project progressed well during the year.

### **Pension Component of 2010/2013 CBA**

The University refunded **Ksh.115.7 million** as stated, following a directive from the Parent Ministry. However, as part of the return to work formula, the Ministry had promised to remit **Ksh.74.9 million** towards pension component of the CBA. This has not been received and has continued to have an impact on the cashflow situation of the University.

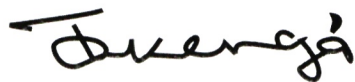
### **Performance Contract**

As required, the University Council operated under the performance contract regime during the year. The performance Contract for the year was signed between Council and the parent Ministry of Education, Science and Technology on 9<sup>th</sup> October 2014. An evaluation of the University's performance during the year was carried out at the end of the year. It is therefore my pleasure to report that the University recorded an improved performance during the year with a rating of **2.3574** which is under the excellent category. This is an excellent achievement and I take this opportunity to thank all those who contributed towards this great success.

### **Conclusion**

On behalf of the University Management Board, I take this opportunity to thank the Government for its support during the period under review. I also appreciate the financial, material and moral support of our collaborators, partners and other stakeholders during the year. The Chancellor and Council provided the desired guidance and support during the year which was way beyond expectations and which I highly appreciate. To the Management team, all staff and students and I also wish to sincerely thank them for the peace, hard work and discipline exhibited throughout the year.

It is my desire that we should continue working together as a team in the new financial year and beyond.




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**Prof. Teresa A. O. Akenga, PhD, MRSC, MBS**  
**VICE-CHANCELLOR**

**20-5-16**

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**DATE**

## VI. CORPORATE GOVERNANCE STATEMENT

The University Council and management of University of Eldoret are committed to maintaining the highest standards of corporate governance. This statement therefore describes the University's governance principles and practices.

### The University Council

The University Council is the governing body of the university. Its functions are broad as specified under Clause 21(2) of the University of Eldoret Charter. These include the establishment of corporate policies, setting of the strategic direction and overseeing the activities and functions of management. In terms of oversight responsibilities, the Council provides guidance and direction with regard to operational aspects of the business including approval of budgets, risk management related issues and internal control. It also ensures that the management provides accurate, timely and understandable information about the university's performance through the Management and Annual reports. Above all, the Council is also responsible for the corporate governance agenda of the university.

The Council received reports at its meetings from the chairmen of each of the Committees on their current activities regularly and as required during the year.

### The size of the Council

The University Council is appointed in accordance with the provisions of Section 36 (1) (a) to (e) of the Universities Act, 2012 and Clause 20(1) of the Statutes. It is composed of nine members as follows;

- ✓ Independent members including the Chairman      6 No.
- ✓ Government representatives                                      2 No.
- ✓ Ex-officio member who is the Vice-Chancellor      1 NO.

### Change of Council Membership

Membership of Council changed after the end of the financial year, but before the financial statements were prepared and submitted through a Kenya Gazette Notice No.5678 of 5<sup>th</sup> August 2015 appointing Prof. Haroun Mengech as the Chairman of Council and revoking appointment of Prof. Sarone Ole Sena effective from 27<sup>th</sup> July 2015.

### Authority of Council and its Committees

The authority of Council and its Committees is derived from the University's Act, 2012 and the Statutes and the circulars issued by the appointing authority from time to time. The University Council delegates this authority to its standing committees and the top management under the Vice-Chancellor who is the CEO and for specific purposes.

The main areas where decisions remained with the Council included approval of the Strategic plans, Annual operating budgets and the Annual financial statements including the appointment of senior staff.

The roles and responsibilities delegated to each one of the committees are specified in their specific terms of reference or charter. During the year, the Council constituted the following committees:

1. Audit and Risk Management
2. Academic, Research, Innovation and Students' Affairs
3. Finance, Planning, Resource Mobilization and General Purposes
4. Human Resource

### Meetings of Council and its Committees

The University Council prepares and approves a calendar of its meetings and those of committees at the beginning of each year. During the year under review, Council and its committees held their meetings regularly with the summary of the meetings being as follows:

Name of Committee	No. of regular meetings	No. of special meetings
1.Council	4	13
2. Audit & Risk Management	3	Nil
3. Academic, Research, Innovation and Students' Affairs	3	2
5.Finance, Planning, Resource Mobilization & General Purposes	3	3
6.Human Resource	2	2

### The role of the Chairman of Council

The Chairman's primary responsibility is to lead the Council, to ensure that it has a shared vision, effective and it upholds and promotes high standards of integrity, probity and corporate governance.

A clear division of responsibility existed between the chairman, who is non-executive and the Vice-Chancellor who is the CEO. The responsibilities of the Vice-Chancellor are set out under Section 39 (2) of the Universities Act, 2012. Consequently, there was no conflict between the Chairman of council and the Vice-Chancellor in the course of discharging their responsibilities during the year 2014/2015.

### Code of Conduct and Ethics policy

The members of University of Eldoret including the Council, all employees, Students and affiliates are required to uphold the highest ethical standards of behaviour both within and outside the university. To underscore the importance of this desire, the university management is implementing a Code of conduct and Ethics Policy which was approved by the University Council last year. The Code of Ethics and Conduct Policy is a shared statement of commitment to uphold the highest ethical, professional and legal standards used as the basis for daily and long-term decisions and actions among other purposes.

### Anti-Corruption Policy

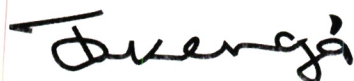
Corruption is a serious scourge which has eaten into the fabric of the Kenyan society and may occur in any public institution. Being aware of the likely impact of this menace, the management is implementing an Anti-Corruption policy which was approved by the University Council last year in the fight against corruption. Among the various legal instruments and institutional policies that were used as references while developing the policy are the following:

- ✓ Anti-corruption and Economic Crimes Act, 2003
- ✓ Public Officers Ethics act, 2003
- ✓ Public Procurement and Disposal Act,2005 and the Public Procurement and Disposal Regulations, 2006
- ✓ Public Financial Management Act,2012 and
- ✓ Public Audit Act, 2003

The Anti-Corruption policy provides clear roles of management, staff, students and other stakeholders in preventing corruption or unethical behaviour/ practices. As a result of this, reported incidences of corruption were insignificantly during the year.

**Shared believe**

The University Council and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity which are fundamental to the long term success and sustainability of our core mandate as an institution of higher learning.



**Prof. Teresa A. O. Akenga, PhD, MRSC, MBS**  
**VICE-CHANCELLOR**

## VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

This statement is about how the University of Eldoret takes account of its economic, social and environmental impact in the way it operates as a business. By demonstrating our commitment to Corporate Social Responsibility we aim to align our business values, purpose and strategy with the needs of our clients, whilst embedding such responsible and ethical principles into everything we do.

The elements of this Statement cover our approach in dealing with our clients, the local community, partners and other stakeholders in an effort to support reducing any negative effects in water use and other business usage in terms of environmental impact.

### Environment

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

This Statement should also be read in conjunction with our environmental policy. In this policy statement, we commit the University to:

- i. Provide a framework for planning and sustainable management of the University's environment.
- ii. Strengthen the institutional and individual capacity for effective management of the environment.
- iii. Ensure sustainable management of the University's environment and its surrounding.
- iv. Ensure compliance with legal requirements as specified under Section 1.3 (a) of our Environmental policy.
- v. Enhance cooperation, collaboration, partnerships and participation in the protection, conservation, and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the University's environmental sustainability programs, and are in line with declarations such as the Talloires declaration of 2005, and to which the University will become signatory.

The nature of our work as an institution of higher learning means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to reduce our environmental impact to an absolute minimum.

The Management will ensure that the University reduces the environmental impact by:

- i. Enhancing conservation and biodiversity in the management of our campuses and engagement with our communities.
- ii. Using renewable resources sustainably.
- iii. Engaging with staff, students, and the surrounding communities to encourage environmentally sustainable behaviours.
- iv. Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality.
- v. Minimizing use of natural resources such as water, non-renewable energy and paper.
- vi. Following the waste hierarchy – avoid or minimize, reduce, reuse, recycle and then dispose off correctly as the last option.
- vii. Minimizing the use of hazardous substances

- viii. Encouraging sustainable practices in the University's supply chain.
- ix. Encouraging sustainable practices in relation to design, transport and travel, procurement and catering.

### **Local Community**

As part of Corporate Social Responsibility, the University participates in community programs and activities that involve:

- ✓ Working and supporting local sports activities
- ✓ Encouraging staff and students' participation in community activities
- ✓ Supporting local Schools
- ✓ Providing agricultural extension services and short term training/workshops to farmers

### **Clients**

The management will also ensure that we deal responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter by pledging to:

- ✓ Serve our clients with dignity, courtesy and respect.
- ✓ Continuously provide efficient and effective service;
- ✓ Adhere to ethical and equitable service provision;
- ✓ Enhance transparency, integrity and accountability;
- ✓ Observe the principles of natural justice;
- ✓ Maintain appropriate confidentiality;
- ✓ Discharge our duties professionally and with due diligence; and
- ✓ Ensure delivery of affordable quality education.

### **Responsibility**

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the Council and the top Management. Every employee of University of Eldoret is expected to give their full co-operation to the above principles in their activities at work. Clients or stakeholders are also expected to apply our environmental principals.

The effectiveness of the policy statement will be monitored and reviewed regularly by the Council and Management to ensure the University's continued compliance with any relevant legislation to meet new legal requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of all employees as necessary.



**Prof. Teresa A.O. Akenga, PhD, MRSC, MBS**  
**VICE-CHANCELLOR**

## VIII. REPORT OF THE COUNCIL

The University Council submits its report together with the audited financial statements for the year ended June 30, 2015 which show the state of the University's affairs.

### **Principal Activities**

The principal activities of the University continue to be the provision of quality University education, including scientific and professional education as provided under Section 6 (1) of the University's Charter.

### **Results**

The results of the entity for the year ended June 30, 2015 are set out on page 1.

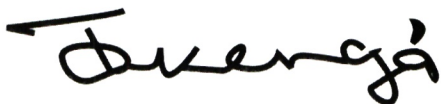
### **University Council Members**

The members of the University Council who served during the year are shown on page (v).

### **Auditors**

The Auditor General is responsible for the statutory audit of the University in accordance with the Section 68 (2) (k) of the Public Finance Management (PFM) Act, 2012.

By Order of the Council



**Prof. Teresa A.O. Akenga, PhD, MRSC, MBS**  
**VICE – CHANCELLOR & SECRETARY TO COUNCIL**

## IX. STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 68 (2) (k) of the Public Finance Management Act, 2012 and section 14 (1) of the State Corporations Act, require the Council to prepare financial statements in respect of that University, 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 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 Council is also responsible for safeguarding the assets of the University.

The 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, 2015. 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 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 Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 1986. The Council is 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, 2015, and of the University's financial position as at that date. The Council further confirms 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 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 University Council on 20-5-16 and signed on its behalf by:

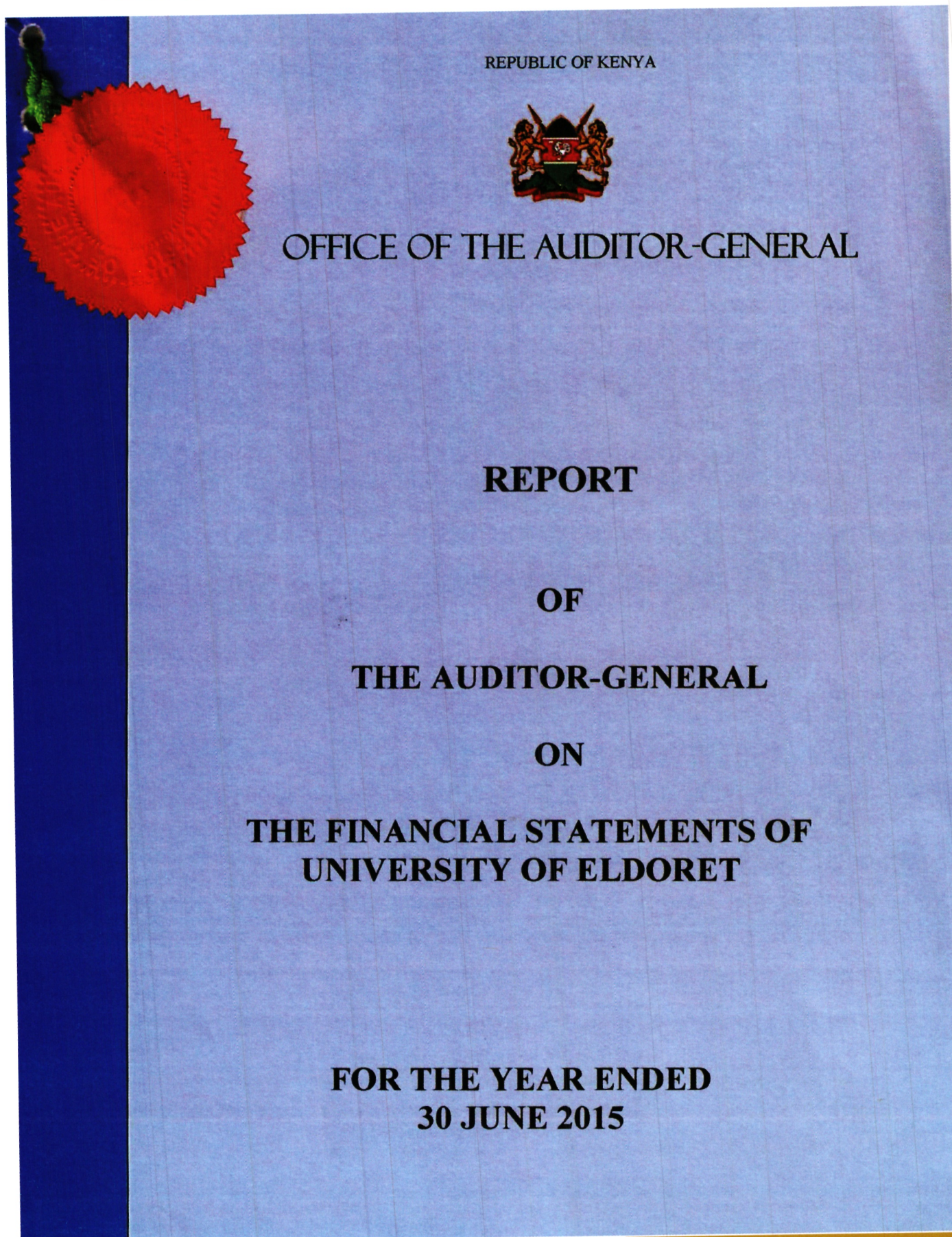


**Prof. Haroun N.K. Arap Mengech**  
Chairman of Council



**Prof. Teresa A.O. Akenga, PhD, MRSC, MBS**  
Vice Chancellor

**X. REPORT OF THE INDEPENDENT AUDITORS ON THE UNIVERSITY OF ELDORET**



## REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

### OFFICE OF THE AUDITOR-GENERAL

#### REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF ELDORET FOR THE YEAR ENDED 30 JUNE 2015

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##### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Eldoret as set out on pages 1 to 29, which comprise the statement of financial position as at 30 June 2015 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

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

##### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1.0 Trade and Other Payables from Exchange Transactions**

Note 28 to the financial statement revealed that the University had accumulated trade and other payables from Kshs.556,240,400 in the previous year 2013/2014 to Kshs.754,309,958 as at 30 June 2015. In addition, the supporting documents such as invoices, demand notes or suppliers' statements were not availed for audit verification.

Consequently, the completeness and accuracy of the trade and other payables figure of Kshs.754,309,958 as at 30 June 2015 could not be confirmed.

#### **2.0 Outstanding Staff Imprest**

Note 23 to the financial statements and the records examined revealed that the University staff outstanding imprest for the year ended 30 June 2015 was Kshs.49,758,002 out of which an amount of Kshs.43,259,595 relates to 2013/2014 period. The schedules availed for audit also indicated that the management granted imprest to officers who had not surrendered previous imprests contrary to Chapter 5.6.6 of the Government Financial Regulations and Procedures which require that no second imprest should be issued to any officer before the first imprest is surrendered or recovered in full from his/her salary. No reason was provided for non-recovery of these long outstanding imprests.

Consequently, the University is in contravention of Government Financial Regulations and Procedures and the propriety of the imprest of Kshs.49,758,002 could not be confirmed as at 30 June 2015.

#### **3.0 Un approved Excess Expenditure**

##### **3.1 Staff Remuneration Costs**

Note 10 of the University's statement of financial performance indicate staff remuneration costs figure of Kshs.1,424,866,015 whose budget of Kshs.1,393,611,649 was exceeded by Kshs.31,254,366. No evidence was provided for audit review to confirm that the over expenditure of Kshs.31,254,366 was approved by the board.

Consequently, the propriety of the excess expenditure of Kshs.31,254,366 on staff remuneration could not be confirmed for the year ended 30 June 2015.

### 3.2 Staff and Student Welfare

Note 11 to the University's statement of financial performance indicate staff and student welfare figure of Kshs.87,589,288 whose budget of Kshs.81,600,000 was exceeded by Kshs.5,989,288. No evidence was provided for audit review to confirm that the over expenditure of Kshs.5,989,288 was approved by the University Council.

Consequently, the propriety of the over expenditure of Kshs.5,989,288 on staff and student welfare, could not be confirmed for the year ended 30 June 2015.

### 4.0 Valuation of Assets

Note 25 to the University's statement of financial position on property, plant and equipment, indicate transfer of assets from Moi university figure of Kshs.979,141,065. However, no valuation report was provided in support of this transfer to the respective assets.

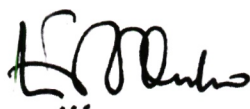
Consequently, the validity and accuracy of the property, plant and equipment net book value of Kshs.887,951,122 reflected in the statement of financial position could not be confirmed as at 30 June 2015.

### 5.0 Going Concern

As similarly reported in the previous year, the statement of financial position as at 30 June 2015 reflects total current liabilities of Kshs.853,389,391 that exceeded current assets balance of Kshs.748,811,429 resulting to a negative working capital of Kshs.104,577,962. As at the same date, the university had accumulated deficit of Kshs.14,255,071. The university is therefore technically insolvent and may face financial challenges in settling liabilities as and when they fall due. Consequently, the financial statements have been prepared on going concern basis on the strength of continued support from the Government and creditors.

### Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of University of Eldoret as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012.



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

**Nairobi**

**05 July 2016**

**XI. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2015**

	<b>Notes</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
		<b>Kshs.</b>	<b>Kshs.</b>
<b>Revenue from non-exchange transactions</b>			
Exchequer Grants (Recurrent)	2	1,148,354,000	1,032,667,215
Research Administrative Fees	3	994,346	1,663,838
		<b>1,149,348,345</b>	<b>1,034,331,054</b>
<b>Revenue from exchange transactions</b>			
Tuition Income	4	697,627,196	550,583,578
Administrative Related Fees	5	198,175,859	115,850,507
Graduation Fees	6	7,435,110	5,536,000
Accomodation Fees	7	39,228,850	36,711,165
Income Generating Activities Income	8	1,339,810	13,421,082
Other Income	9	5,545,875	8,748,627
		<b>949,352,700</b>	<b>730,850,959</b>
<b>Total revenue</b>		<b>2,098,701,045</b>	<b>1,765,182,013</b>
<b>Expenses</b>			
Staff Remuneration Costs	10(a)	1,424,866,015	1,203,145,432
Staff Gratuity and Pension Contributions	10(b)	105,262,077	112,825,623
Staff and Student Welfare	11	87,589,288	43,643,060
Chancellors Expenses	12(a)	1,187,498	-
Council Expenses	12(b)	13,487,344	20,408,368
Administration and Central Services Expenses	13	82,150,367	80,970,128
Academic, Research & Student Affairs Expenses	14	172,223,695	163,767,599
Support Services	15	159,647,654	110,301,654
Finance Expenses	16	4,324,235	5,677,828
Amortization/Depreciation Expenses	17	59,069,320	20,231,778
<b>Total expenses</b>		<b>2,109,807,491</b>	<b>1,760,971,471</b>
<b>Other gains/(losses)</b>			
Gain/(Loss) on Disposal of Assets/Deptn Adjmt	18	5,334,140	-
Gain/(Loss) on Biological Assets	19	4,380,345	473,433
Increase/(Decrease) in Provision for Bad Debts	20	2,056,954	2,033,847
Gain/(Loss) on Foreign Exchange Transactions	21	7,135	(20,900)
<b>Total Gain/(Loss)</b>		<b>11,778,574</b>	<b>2,486,380</b>
<b>Surplus/(Deficit) for the period</b>		<b>672,127</b>	<b>6,696,922</b>

**XII. STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2015**

	Notes	30-Jun-15	30-Jun-14
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	22(a)	79,065,990	49,008,374
Receivables from exchange transactions	23	637,091,497	448,378,301
Inventories	24	32,653,942	22,904,733
		<b>748,811,429</b>	<b>520,291,408</b>
<b>Non-current assets</b>			
Property, plant and equipment	25	887,951,122	115,034,634
Work in Progress (WIP)	26	237,022,455	176,988,087
Biological Assets	27	17,997,505	13,617,160
		<b>1,142,971,083</b>	<b>305,639,880</b>
<b>Total assets</b>		<b>1,891,782,512</b>	<b>825,931,288</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	28	754,309,958	556,240,400
Accruals & Provisions	29	57,520,162	1,001,518
Research Fund Accounts	30	41,535,003	34,071,586
Bank Overdrafts	22(b)	24,267	7,787,453
		<b>853,389,391</b>	<b>599,100,957</b>
<b>Total liabilities</b>		<b>853,389,391</b>	<b>599,100,957</b>
<b>Net assets</b>		<b>1,038,393,121</b>	<b>226,830,332</b>
Capital Reserves		1,052,648,192	241,757,529
Rvaluation Reserves		-	-
Revenue Reserves - Surplus/(Deficit)		(14,255,071)	(14,927,197)
<b>Total net assets and liabilities</b>		<b>1,038,393,121</b>	<b>226,830,332</b>

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

**Prof. Teresa A.O. Akenga PhD, MRSC, MBS**

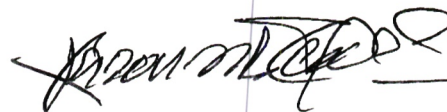
**Vice Chancellor**



Date 20-5-16

**Prof. Haroun N.K. Arap Mengech**

**Chairman of Council**



Date 20-5-16

**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2015**

	<b>Capital Reserve Kshs</b>	<b>Revenue Reserves Kshs</b>	<b>Total Kshs</b>
<b>Balance as at 30 June 2013</b>	147,467,834	(5,740,317)	141,727,517
Capital Grants	94,289,695	-	94,289,695
Surplus/(deficit) for the period	-	6,696,922	6,696,922
Transfers to/from accumulated surplus	-	(15,883,803)	(15,883,803)
<b>Balance as at 30 June 2014</b>	<b>241,757,529</b>	<b>(14,927,197)</b>	<b>226,830,332</b>
Surplus/(deficit) for the period	-	672,127	672,127
Capital Grants	142,026,666	-	142,026,666
Transfers to/from accumulated surplus	674,198,136	-	674,198,136
Transfer of Capital Deptn Adjmt to other income	(5,334,140)	-	(5,334,140)
<b>Balance as at 30 June 2015</b>	<b>1,052,648,192</b>	<b>(14,255,071)</b>	<b>1,038,393,121</b>

**Capital Reserves**

Capital reserves relate to accumulated funds received as capital grants from the Exchequer and those generated internally for physical and infrastructural development purposes in each year. **Kshs.142.03 million** was received and expended as required 2014/2015 financial year.

During the year, the anticipated transfer of assets from Moi University was effected in December 2014 hence the corresponding transfer to accumulated surplus of **Kshs.674.20 million** as per workings in the table below with depreciation adjustment done to cater for the period that the assets were not depreciated during the transition period.

**Property, Plant and Equipment (PPE) trasfered from Moi University**

<b>Type of Property</b>	<b>Moi University Asset Register</b>			<b>UoE Posting</b>	
	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Depreciation Adjustment</b>	<b>Net Book Value</b>
Land	160,000,000	1,860,465	158,139,535	-	158,139,535
Buildings	719,986,743	190,672,593	529,314,150	57,598,939	471,715,211
Motor Vehicles	47,840,652	39,801,565	8,039,088	8,039,088	-
Computer and Appli	8,014,665	3,783,909	4,230,756	4,230,756	-
Furniture & Fittings	43,299,005	31,590,826	11,708,180	11,644,819	63,361
<b>Total PPE</b>	<b>979,141,065</b>	<b>267,709,357</b>	<b>711,431,708</b>	<b>81,513,602</b>	<b>629,918,106</b>
Work in Progress	44,280,031	-	44,280,031	-	44,280,031
<b>Grand Totals</b>	<b>1,023,421,096</b>	<b>267,709,357</b>	<b>755,711,739</b>	<b>81,513,602</b>	<b>674,198,137</b>

Transfer of Capital depreciation adjustment to other income of **Kshs. 5.33 million** represents depreciation amount on buildings transferred from work in progress upon completion constructed from Capital grants from Government written off gradually over the life of these buildings.

**XIV. STATEMENT OF CASH FLOWS**  
**As at 30 June 2015**

	Notes	30-Jun-15	30-Jun-14
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Exchequer Grants (Recurrent)	2	1,127,095,374	958,229,675
Research Administrative Fees	3	994,346	1,663,838
Tuition Income	4	724,369,182	582,707,008
Administrative and Related Fees	5	201,844,509	116,089,458
Graduation Fees	6	7,435,110	5,536,000
Accommodation Fees	7	39,228,850	36,711,165
Income Generating Activities Income	8	(1,230,590)	13,783,147
Other Income	9	5,545,875	8,748,627
		<b>2,105,282,654</b>	<b>1,723,468,918</b>
<b>Payments</b>			
Staff Remuneration Costs	10(a)	1,371,850,162	1,092,817,293
Staff Gratuity and Pension Contributions	10(b)	121,068,482	94,412,033
Staff and Student Welfare	11	87,589,288	43,643,060
Chancellors Expenses	12(a)	1,187,498	-
Council Expenses	12(b)	13,487,344	20,408,368
Administration and Central Services Expenses	13	85,524,188	32,117,223
Academic, Research & Student Affairs Expenses	14	144,666,091	143,724,682
Support Services	15	159,647,654	110,301,654
Finance Expenses	16	4,324,235	5,677,828
		<b>1,989,344,940</b>	<b>1,543,102,142</b>
<b>Net cash flows from operating activities</b>		<b>115,937,714</b>	<b>180,366,777</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	25	(65,784,747)	(86,477,068)
Increase in work in progress (WIP)	26	(142,515,068)	(26,668,267)
Decrease/(Increase) in biological assets	27	(4,380,345)	473,433
Decrease/(Increase) in Research Funds	30	(7,463,418)	-
<b>Net cash flows used in investing activities</b>		<b>(220,143,578)</b>	<b>(112,671,901)</b>
<b>Cash flows from financing activities</b>			
Government Capital grants		142,026,666	94,289,695
Proceeds from borrowings	22(b)	24,267	7,787,453
Repayment of borrowings	22(b)	(7,787,453)	(165,175,314)
<b>Net cash flows used in financing activities</b>		<b>134,263,479</b>	<b>(63,098,166)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>30,057,616</b>	<b>4,596,710</b>
Cash and cash equivalents at 1 July	22(a)	49,008,374	44,411,664
<b>Cash and cash equivalents at 30 June</b>	22(a)	<b>79,065,990</b>	<b>49,008,374</b>

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS  
As at 30 June 2015**

	Notes	Original budget	Adjustments	Final budget	Actual on	Performance
		2014-2015	2014-2015	2014-2015	Comparable	Difference
		Kshs	Kshs	Kshs	Basis	
					2014-2015	2014-2015
					Kshs	%
<b>Revenue</b>						
Exchequer Grants (Recurrent)	2	1,148,354,000	-	1,148,354,000	1,148,354,000	-
Research Administrative Fees	3	5,800,000	(4,600,000)	1,200,000	994,346	(205,655) -17%
Tuition Income	4	570,814,287	15,185,713	586,000,000	697,627,196	111,627,196 19%
Administrative and Related Fees	5	135,442,560	-	135,442,560	198,175,859	62,733,299 46%
Graduation Fees	6	7,000,000	1,015,500	8,015,500	7,435,110	(580,390) -7%
Accommodation Fees	7	22,414,000	-	22,414,000	39,228,850	16,814,850 75%
Income Generating Activities Income	8	4,450,000	-	4,450,000	1,339,810	(3,110,190) -70%
Other Income	9	-	-	-	5,545,875	5,545,875 100%
<b>Total income</b>		<b>1,894,274,847</b>	<b>11,601,213</b>	<b>1,905,876,060</b>	<b>2,098,701,045</b>	<b>192,824,985 10%</b>
<b>Expenses</b>						
Staff Remuneration Costs	10(a)	1,239,778,760	153,832,889	1,393,611,649	1,424,866,015	(31,254,366) -2%
Staff Gratuity and Pension Cost	10(b)	99,189,878	11,500,000	110,689,878	105,262,077	5,427,801 5%
Staff and Student Welfare	11	89,500,000	(7,900,000)	81,600,000	87,589,288	(5,989,288) -7%
Chancellors Expenses	12(a)	5,000,000	-	5,000,000	1,187,498	3,812,502 76%
Council Expenses	12(b)	20,000,000	(2,800,000)	17,200,000	13,487,344	3,712,657 22%
Administration and Central Services	13	76,306,210	17,800,000	94,106,210	82,150,367	11,955,843 13%
Academic, Research & Student Affairs	14	277,000,000	(30,100,000)	246,900,000	172,223,695	74,676,306 30%
Support Services	15	149,500,000	31,650,000	181,150,000	159,647,654	21,502,346 12%
Finance Expenses	16	9,000,000	(2,000,000)	7,000,000	4,324,235	2,675,765 38%
Depreciation Expenses	17	-	42,721,941	42,721,941	59,069,320	(16,347,379) -38%
<b>Total expenditure</b>		<b>1,965,274,848</b>	<b>214,704,830</b>	<b>2,179,979,678</b>	<b>2,109,807,491</b>	<b>70,172,187 3%</b>
<b>Surplus for the period</b>		<b>(71,000,001)</b>	<b>(203,103,617)</b>	<b>(274,103,618)</b>	<b>(11,106,446)</b>	<b>262,997,172 -96%</b>

**Notes on Explanations to Performance Difference over 10%:**

3 - This is caused by reduced research funds attracting 10% administrative fees

8 - This resulted from amalgamating all IGA's while not providing some loss making IGA's e.g catering in the budget

17 - This resulted from assets taken over from Moi University resulting into additional depreciation expenses not initially provided for in the budget.

## Recurrent Income

- **GoK Recurrent Grants**

During the year, the University received Exchequer grants of **Kshs.1,148,354,000** for recurrent expenditure purposes as provided in the Printed Estimates.

- **Research Administrative Charges**

The University received a sum of **Kshs.0.94 million** as research administrative charges during the year. These were generated from 10% administrative charges on funds raised from donors by academic staff to support their research programs.

- **Tuition Fees and Tuition related Income**

The tuition fees and tuition related income increased significantly during the year under review. There was a marginal increase of fees during the year as compared with the preceding financial year. This was also mainly due to an increase in student population and enhanced efficiency in fees collection.

- **Staff Remuneration Costs**

Actual staff costs stood at **Kshs.1.42 billion** during the year as compared with a budgeted allocation of **Kshs.1.39 billion**. The wage bill went up significantly by 15.38% as compared with the previous year because of Increase in staff salaries and house allowances as a result of the full implementation of the pending elements of 2010-2013 National CBA awards and payment of the arrears arising thereof, Recruitment of additional staff and award of normal annual increments to staff.

- **Surplus/Deficit for the year**

The University recorded a decline in financial performance during the 2014/2015 financial year with a surplus of **Kshs.0.67 million** against a projected deficit of **Kshs.274.1 million**.

## XVI. NOTES TO THE FINANCIAL STATEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation and form of presentation

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) pursuant to section 194(1) of Public Finance Management Act, 2012 following the gazette notice no.94 which was to take effect from 30<sup>th</sup> June, 2014. The financial statements are presented in Kenya Shilling (Kshs) and amounts are rounded to the nearest one thousand shillings. The financial statements are prepared on an accrual basis while the cash flow statement is prepared using the direct method.

#### b) Revenue recognition

##### i) Revenue from non-exchange transactions – IPSAS 23

###### *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.

##### ii) Revenue from exchange transactions – IPSAS 9

###### *Tuition Income*

Income from students in terms of tuition and other related charges is recognized as it accrues unless collectability is in doubt. Recurrent Exchequer grants from the government are recognized as income in the period in which they relate.

###### *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 approved semester dates in an academic year.

***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.

**c) 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 basic, timing or 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.

**d) Property, plant and equipment – IPSAS 17**

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

The annual depreciation rates based on straight line in use are:

Building	2%
Furniture, Fittings, Plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Library Books	10%

**e) Receivables**

Receivables are stated at their fair values. A provision for impairment is recognized in the Income and Expenditure statement in the year when the recovery of the amount is in doubt.

**f) Biological Assets**

These are farm animals mainly livestock and agricultural crops and are recorded in the balance sheet at their estimated market value.

**g) Trade and Other Payables**

Trade and other payables are classified at their fair value net of transactions costs and include accounts payable and unpaid wages/salaries.

**h) 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.

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.

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

**i) Contingent liabilities*****Litigation***

In the ordinary course of business, the University is a defendant in various litigations and claims. Although there are no assurances, the University believes, based on information currently available that the ultimate resolution of these proceedings and claims is not likely to have a material adverse effect on the operations of the University. The cases are pending determination by the courts and it is not practicable to determine the timing and final amounts (if any). Due to the nature of the cases, detailed disclosure has not been made for each case as this may be prejudicial to the position of the University.

**j) Nature and purpose of reserves**

The University creates and maintains reserves to comply with specific requirements. Consequently the University maintains Capital and Revenue reserves as required under the statutes.

**k) Changes in accounting policies and estimates – IPSAS 3**

The University does not recognize the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are therefore applied prospectively since retrospective application is impractical.

**l) Employee benefits – IPSAS 25****Retirement benefit plans**

The University does not operate separate pension and provident fund schemes for eligible employees since the employees are still members of the Moi University Pension and Provident fund schemes.

The assets of Moi University Pension and provident fund are held in separate trustee administered funds that are funded collectively by Moi University, University of Eldoret and the employees through their contributions.

In addition, the University also makes statutory contributions to the National Social Security Fund. The rates of contributions to the fund are determined by relevant legislations. The University's contributions to the above schemes are charged to the statement of financial performance as part of the staff costs

**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.

**n) Related Party Transactions– IPSAS 20****i. Moi University**

The University was a constituent College of Moi University and at the close of the financial year 2014/2015, several assets which had not been handed over were subsequently handed over by Moi University on 15<sup>th</sup> December, 2014. The assets involved had a book value of **Kshs.748,394,689.07**, an amount included in these financial statements.

**ii. Government**

In the period, the Government approved a budget of **Kshs.1,148,354,000** in the printed estimates. This was received in full vide various monthly capitation grants remittance as reflected in this financial statements.

**o) Cash and cash equivalents**

Cash and Cash equivalents comprise of cash in hand and demand deposits and other short-term highly liquid investments those are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**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.

Based on their own judgment, management has made estimates and assumptions as specified below:

***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

#### **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 30<sup>th</sup> June 2015.

#### **s) Financial Risk Management Disclosures - IPSAS 30**

The University has an integrated risk management framework/strategy. The University's approach to risk management is based on risk governance structures, risk identification, measurement, monitoring and reporting. The risk management structure and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The University's core business involves major engagements with financial transactions and processes which pose certain risks as outlined below:-

##### **i) Liquidity Risk**

Liquidity risk is the risk that the University will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued. Funding risk arises when the necessary liquidity to fund non-liquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational, capital and loan commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The University has adopted an overall balance sheet approach which consolidates all sources and uses of funds, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The University's liquidity and funding management process includes:-

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios,
- Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The University's liquidity position has been unfavorable due to low funding from Exchequer mainly emanating from erroneously refunded funds amounting to **Kshs.115.7 million** which was part of our capitation in 2013/2014. The University's main primary source of revenue receipts is from the Exchequer thus management has been pursuing for enhanced funding as well as pursuing additional sources of revenue through privately sponsored student programmes.

## ii) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks:-

- **Currency Risk:** - The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.
- **Interest Rate Risk:** - The University's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the University does not have any borrowings.

## iii) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior. The University seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks. The primary responsibility for the development and implementation of controls to address operational risk is assigned to University Council, University Management Board and the internal audit function. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:-

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of financial transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- Requirement for the reporting of operational losses and proposed remedial action;

- Training and professional development;
- Regular internal and external audits;
- Ethical and business standards; and
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in various policy documents and are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the institution.

#### iv) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The University has complied with all externally imposed requirements throughout the year mainly from Commission for University Education (CUE) and Ministry of Education Science and Technology (MoEST).

#### Note 2 : - Exchequer Grants

Particulars	30-Jun-15 Ksh	30-Jun-14 Ksh
<b>Exchequer Grants</b>		
Exchequer Grants (Recurrent)	1,148,354,000	1,032,667,215
<b>Totals</b>	<b>1,148,354,000</b>	<b>1,032,667,215</b>

#### Note 3 : -Research Grants

Particulars	30-Jun-15 Ksh	30-Jun-14 Ksh
Research Administrative Fees	994,346	1,663,838
<b>Totals</b>	<b>994,346</b>	<b>1,663,838</b>

#### Exchequer Grants

Exchequer grants received from the government are recognized as Income in the period in which it relates as approved in the Printed Estimates with an allocation of **Kshs.1.148 billion** for financial year 2014/2015.

#### Research Administrative fees

The research administrative fees are amounts levied as administrative charges on research funds generated by the Academic staff and students at the rate of 10% for administrative support purposes. This amount decline during the period as a result of decline in funds received that attract the 10% administrative fees.

**Note 4 : - Tuition Income**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Tuition Fees	630,901,757	531,882,931
Direct Charges	40,679,400	-
Collaborating fees	26,046,039	18,700,647
<b>Totals</b>	<b>697,627,196</b>	<b>550,583,578</b>

**Note 5 : - Administrative and Related Fees**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Student ID Fees	1,581,250	1,630,800
Registration	1,353,400	1,304,000
Examinations Fees	18,254,100	16,600,000
Activity Fees	14,566,600	12,351,000
Student Medical Fees	23,682,500	19,821,500
Library Fees	14,333,989	8,224,519
Field Trips	76,479,420	18,023,300
Field Attachment	2,826,000	820,000
Teaching Practice Fees	21,429,000	9,427,703
UOESO	4,167,200	4,626,685
Computer Fees	364,000	832,500
Thesis Fees	1,253,500	2,146,500
Supervision	2,370,500	5,817,500
Re-marking Charges	9,000	-
Amenity	13,167,800	11,547,500
Special Project	420,000	233,500
Field Work Supervision	45,000	512,500
Field Course	250,000	1,805,000
Workshop Practice	698,000	-
Other Student Related Income	924,600	126,000
<b>Totals</b>	<b>198,175,859</b>	<b>115,850,507</b>

**Note 6 : - Gratuiton Fees**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Graduation Fees	7,435,110	5,536,000
<b>Totals</b>	<b>7,435,110</b>	<b>5,536,000</b>

There was a general growth in administrative and related fees as well as graduation as a result of increase in new and graduating students during the period especially undergraduate.

**Note 7 : - Accommodation Income**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Accommodation Fees	39,228,850	36,711,165
<b>Totals</b>	<b>39,228,850</b>	<b>36,711,165</b>

**Note 8 (a) : - IGA Income**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Farm Income	19,089,334	20,723,419
Catering Income	4,978,694	5,557,595
Hire of Motor Vehicles	3,116,180	363,910
Guest House	9,143,453	2,983,226
Bookshop Sales	7,003,784	1,307,416
Fisheries	58,080	113,890
Conference & Workshops	442,472	980,950
VLIR Car Hire	13,800	-
Library Income	73,590	137,092
Rent Income	1,463,980	1,839,060
Sale of seedings	59,136	48,237
EIA	7,139,770	2,523,100
Other IGA Income	2,141,583	-
<b>Totals</b>	<b>54,723,855</b>	<b>36,577,894</b>

**Note 8 (b) : - IGA Expenses**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Farm Expenses	23,588,838	15,175,419
Catering Expenses	12,768,885	4,232,968
Hire of Motor Vehicles Expenses	17,580	5,828
Guest House Expenses	6,533,966	2,166,052
Bookshop Expenses	4,755,701	1,576,546
Conference & Workshops Expenses	860,813	-
EIA Expenses	4,858,263	-
<b>Totals</b>	<b>53,384,045</b>	<b>23,156,812</b>

**Note 8 : - Net IGA Income**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Farm Income	(4,499,504)	5,548,000
Catering Income	(7,790,191)	1,324,627
Hire of Motor Vehicles	3,098,600	358,082
Guest House	2,609,487	817,174
Bookshop Sales	2,248,083	(269,130)
Fisheries	58,080	113,890
Conference & Workshops	(418,341)	980,950
VLIR Car Hire	13,800	-
Library Income	73,590	137,092
Rent Income	1,463,980	1,839,060
Sale of seedings	59,136	48,237
EIA	2,281,507	2,523,100
Other IGA Income	2,141,583	-
<b>Net Total IGA Income</b>	<b>1,339,810</b>	<b>13,421,082</b>

**Note 9 : - Other Income**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Application Fees	1,757,400	1,200,850
Fines & Penalties	1,219,925	14,850
Miscelaneuos Income	1,149,763	7,532,927
Agribusiness Trade Fair	723,587	-
Referral/Supplementary	695,200	-
<b>Totals</b>	<b>5,545,875</b>	<b>8,748,627</b>

There has been an effort to monitor postings to IGAs correctly to assess the viability of each unit unlike in the past where these were lumped together under IGA working capital. This explains the large differences between the two periods especially for catering, guest house and bookshop.

Catering made a loss of **Kshs. 7.79 million** mainly because its sales are highly subsidized thus input costs is high.

**Note 10(a) : - Staff Remuneration Costs**

	30-Jun-15	30-Jun-14
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Personal Emoluments	624,309,711	556,368,611
House Allowances	325,708,567	242,060,230
Other Personal Allowances	48,586,970	59,874,515
Commuter Allowances	98,178,198	81,887,983
Passage & Leave Allowance	4,359,099	3,029,765
Contracted Employees	88,919,262	59,653,915
Part Time Claims	78,986,572	83,230,118
PSSP Service Providers Disbursements	155,817,636	117,040,296
<b>Totals</b>	<b>1,424,866,015</b>	<b>1,203,145,432</b>

**Note 10(b) : - Staff Gratuity and Pension Contribution**

	30-Jun-15	30-Jun-14
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Gratuity & Pension Contributions	105,262,077	112,825,623
<b>Totals</b>	<b>105,262,077</b>	<b>112,825,623</b>

**Note 11: - Staff and Student Welfare**

	30-Jun-15	30-Jun-14
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Medical Expenses	62,720,633	24,457,906
Inter University Games & Other Students activ	6,610,520	11,477,869
Purchase of Uniforms & Clothing	5,236,349	903,261
Public Celebrations & Staff Welfare	2,059,143	4,176,239
Students Welfare	10,962,643	2,627,786
<b>Totals</b>	<b>87,589,288</b>	<b>43,643,060</b>

**Note 12 (a) : - Chancellors Expenses**

	30-Jun-15	30-Jun-14
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Chancellors Expenses	1,187,498	-
<b>Totals</b>	<b>1,187,498</b>	<b>-</b>

**Note 12 (b) : - Council Expenses**

	30-Jun-15	30-Jun-14
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Sitting Allowance	8,644,672	15,109,561
Travelling and Accomodation	2,998,040	2,699,547
Meals & Refreshments	1,137,677	2,362,803
Other Council Expenses	706,955	236,458
<b>Totals</b>	<b>13,487,344</b>	<b>20,408,368</b>

**Note 13 : - Administration and Central Services Expenses**

Particulars	30-Jun-15 Ksh	30-Jun-14 Ksh
Transport Fuel Expenses	5,806,090	7,830,050
Travelling & Accomodation	11,352,614	14,187,825
External Travelling & Accomodation	695,051	1,726,393
Postal & Telegrams	658,401	209,058
Telephone Expenses	4,685,374	3,791,392
Purchase of Stationary	12,349,151	9,168,648
Audit Fees Expenses	855,000	1,200,000
Insurance Expenses	12,568,067	10,278,219
Legal Expenses	925,000	1,806,749
ISO & Performance Contracting	4,097,592	8,767,340
Strategic Plan & Master Plan Design	8,841,620	9,784,390
Security Services	1,564,934	1,024,730
Contigent Expenses	12,939,920	2,784,352
Official Entertainment	76,524	-
Recruitment & Training Expenses	2,531,600	2,319,887
Show, Marketing Expenses & Agribusiness Tr	2,203,430	6,091,095
<b>Totals</b>	<b>82,150,367</b>	<b>80,970,128</b>

Contigent expenses includes **Kshs.10.16 million** of liabilities taken over from Moi University mainly attributed to fuel cards, medical, research funds and staff recoveries.

**Note 14 : - Academic, Research & Student Affairs Expenses**

<b>Particulars</b>	<b>30-Jun-15 Ksh</b>	<b>30-Jun-14 Ksh</b>
Teaching Practice & Field Attachment	38,504,124	40,010,340
University Outreach Programme & Exhibition	5,868,930	5,938,365
External Examiners	3,695,062	3,663,574
Internet Services	5,578,492	2,734,342
Deans, Senate Committees & Conference Expens	9,211,648	6,776,954
Graduation Expenses	7,795,332	8,128,271
Open & Cultural Day Expenses	257,050	-
Library Expenses	2,453,494	1,380,872
Teaching material expenses	10,561,833	9,287,668
Academic Field Trips	35,054,277	-
Examination Expenses	8,628,500	5,012,058
Postgraduate Supervision	3,359,205	-
Printing & Publications	9,532,530	3,319,590
Purchase of Gowns	3,732,350	-
Advertising & Publicity	20,399,938	17,945,884
Admission & Registration Expenses	4,978,700	-
University Funded Research Expenses	2,612,230	59,569,681
<b>Totals</b>	<b>172,223,695</b>	<b>163,767,599</b>

Academic field trips expenses resulted from requirements for field trip courses where students pay for the same under field trips in administrative related fees which also increased by a bigger margin.

Admission and Registration expenses is based on a new charge levied by Kenya Universities and Colleges Central Placement Service for students admissions.

**Note 15 : - Support Services**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Utilities (Electricity, Water & Conservancy)	94,593,001	67,384,961
Payment of Rent & Rates	36,738,498	27,479,130
Maintenance of Catering & Hostel Facilities	7,526,336	2,505,902
Cleaning Materials & Detergents	2,439,962	1,597,642
Maintainace of Plant, Furniture & Equipment	920,150	1,228,225
Maintenance of Computers	953,305	1,091,579
Maintenance of Buildings & Stations	1,594,105	5,232,277
Contract Services & Subscriptions	4,251,412	1,881,872
Maintenance of Water Suppliers & Sewerage	159,300	135,150
Maintenance of Playgrounds & Parks	740,410	285,900
Newspapers	965,261	1,479,016
Maintenance of Motor Vehicles	8,765,913	-
<b>Totals</b>	<b>159,647,654</b>	<b>110,301,654</b>

**Note 16 : - Finance Expenses**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
<b>Particulars</b>	<b>Ksh</b>	<b>Ksh</b>
Bank Charges & Commissions	4,324,235	5,677,828
Interest Charges	-	-
<b>Totals</b>	<b>4,324,235</b>	<b>5,677,828</b>

**Note 17 : - Armotization & Depreciation Expenses**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Armotization of Land	6,400,000	-
Depreciation Buildings	18,332,230	1,401,645
Depreciation Motor Vehicles	13,454,555	6,536,257
Depreciation Computers and Assesories	12,956,963	8,633,483
Depreciation Furniture and Fittings	3,907,192	1,282,316
Depreciation plant and Equipment	3,366,690	2,149,138
Depreciation Library Books	651,690	228,940
<b>Totals</b>	<b>59,069,320</b>	<b>20,231,778</b>

**Note 18-21 :- Other Gains/(Losses)**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Gain/(Loss) on Disposal of Assets/Deptn Adjn	5,334,140	-
Gain/(Loss) on Biological Assets	4,380,345	473,433
Increase/(Decrease) in Provision for Bad Deb	2,056,953	2,033,846
Gain/(Loss) on Foreign Exchange Transactions	7,135	(20,900)
<b>Totals</b>	<b>11,778,573</b>	<b>2,486,379</b>

**Note 22 (a) : - Bank Balances**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
NBK-Main Account-0102107332500	15,507,368	-
NBK-Capital Development Account-010210733	23,545,303	11,562,651
Standard Chartered Bank (Kshs) Research Acc	29,262,971	27,562,173
Standard Chartered Bank (Euro) Research Acc	-	3,071,459
Standard Chartered Bank (Kshs-Edulink) Rese:	14,501	-
Co-operative Bank (Fees Collection)-01129183	1,742,125	1,646,393
Co-operative Bank (Canadian Dollar)	634,139	41,977
Co-operative Bank (Farm Account)-011291831	675,945	845,809
Equity Bank (Fees Collection)-0300297338822	1,742,334	954,405
Kenya Commercial Bank-Research(VLIR)	2,560,678	2,604,768
Kenya Commercial Bank (Fees Collection)	1,100,136	718,739
Petty Cash account	300,000	-
Undeposited Funds	1,980,490	-
<b>Totals</b>	<b>79,065,990</b>	<b>49,008,374</b>

**Note 22 (b) : - Bank Overdraft**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
NBK-Main Account-0102107332500	-	7,462,221
Standard Chartered Bank (Euro) Research Acc	24,267	-
Standard Chartered Bank (Kshs-Edulink) Rese:	-	325,232
<b>Totals</b>	<b>24,267</b>	<b>7,787,453</b>

**Note 23 : - Receivables from Exchange Transaction**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Student Debtors	492,665,633	337,314,556
<b>Less: Provision for Bad Debts</b>	<b>(4,926,656)</b>	<b>(7,026,490)</b>
Adjusted Student Debtors	487,738,977	330,288,066
Staff Imprests	49,758,002	43,259,595
General Debtors	2,963,500	393,100
Exchequer Grants Receivable	95,696,166	74,437,540
Deposits with Service Providers	934,852	-
<b>Totals</b>	<b>637,091,497</b>	<b>448,378,301</b>

**Note 24 : - Inventories**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Lab Chemicals	4,376,184	5,338,496
Games Materials	291,726	524,776
Loose Tools and Spares	192,467	205,699
Bookshop Books	1,418,393	1,392,467
Dry Food	2,769,811	6,353,716
Clinical Drugs	786,150	627,286
Consumables	8,459,200	4,209,841
Building Materials	14,360,012	4,252,452
<b>Totals</b>	<b>32,653,942</b>	<b>22,904,733</b>

The comparative student debtor's value of **Kshs 337,314,556** is higher compared to actual reported of **Kshs 140,529,814** by **Kshs 196,784,743** because of a net off of prepaid fees of **Kshs 157,371,175** HELB Loan Students **Kshs 5,910,817** HELB Loan Bursaries **Kshs 195,000** and CDF – Constituency Development Fund **Kshs 33,307,751**. These have now been restarted to Trade and Other Payables Note 28.

**Note 25 :- Property, plant and equipment**

	Land	Buildings	Motor Vehicles	Computers and Appliances	Furniture & Fittings	Plant & Equipment	Library Books	Totals
Cost	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs
At 1 July 2013	-	-	10,542,172	15,253,208	3,735,325	15,655,104	-	45,185,809
Additions 2013/2014	-	-	15,602,855	10,673,167	6,523,203	1,538,000	2,289,396	36,626,621
Transfers/adjustments 2014	-	70,082,225	-	-	-	-	-	70,082,225
<b>At 30 June 2014</b>	-	<b>70,082,225</b>	<b>26,145,027</b>	<b>25,926,375</b>	<b>10,258,528</b>	<b>17,193,104</b>	<b>2,289,396</b>	<b>151,894,655</b>
Additions 2014/2015	-	-	27,673,192	12,948,402	20,935,649	-	4,227,504	65,784,747
Trasfers from W.I.P 14/15	-	126,542,544	-	-	-	9,740,412	-	136,282,956
Trasfers from M.U 14/15	160,000,000	719,986,743	47,840,652	8,014,665	43,299,005	-	-	979,141,065
<b>At 30 June 2015</b>	<b>160,000,000</b>	<b>916,611,512</b>	<b>101,658,871</b>	<b>46,889,442</b>	<b>74,493,182</b>	<b>26,933,516</b>	<b>6,516,900</b>	<b>1,333,103,423</b>
<b>Depreciation</b>								
At 1 July 2013	-	-	5,271,086	7,223,309	466,916	3,666,932	-	16,628,243
Depreciation 2013/2014	-	1,401,645	6,536,257	8,633,483	1,282,316	2,149,138	228,940	20,231,778
<b>At 30 June 2014</b>	-	<b>1,401,645</b>	<b>11,807,343</b>	<b>15,856,792</b>	<b>1,749,232</b>	<b>5,816,070</b>	<b>228,940</b>	<b>36,860,021</b>
Arnotization 2014/2015	6,400,000	-	-	-	-	-	-	6,400,000
Depreciation 2014/2015	-	18,332,230	13,454,555	12,956,963	3,907,192	3,366,690	651,690	52,669,320
Depreciation for Transfers	1,860,465	190,672,593	39,801,565	3,783,909	31,590,826	-	-	267,709,358
Depreciation Adjmt for Trai	-	57,598,939	8,039,088	4,230,756	11,644,819	-	-	81,513,602
<b>At 30 June 2015</b>	<b>8,260,465</b>	<b>268,005,406</b>	<b>73,102,550</b>	<b>36,828,420</b>	<b>48,892,069</b>	<b>9,182,760</b>	<b>880,630</b>	<b>445,152,300</b>
<b>Net book values</b>								
<b>At 30 June 2015</b>	<b>151,739,535</b>	<b>648,606,105</b>	<b>28,556,321</b>	<b>10,061,022</b>	<b>25,601,113</b>	<b>17,750,757</b>	<b>5,636,270</b>	<b>887,951,122</b>
<b>At 30 June 2014</b>	-	<b>68,680,581</b>	<b>14,337,684</b>	<b>10,069,583</b>	<b>8,509,296</b>	<b>11,377,034</b>	<b>2,060,456</b>	<b>115,034,634</b>

Property, Plant and Equipment transferred from Moi University has been analyzed under Statement of Changes in Net Assets (Page 3). The total Historical Cost of transfers being **Kshs 1,23,421,096**, Accumulated depreciation of **Kshs 267,709,358** and a depreciation adjustment of **Kshs 81,513,602** to cater for depreciations during the transition period.

**Note 26: Work-In-Progress**

<b>Particulars</b>	<b>30-Jun-15 Ksh</b>	<b>Transfers to PPE Ksh</b>	<b>Transfers from MU Ksh</b>	<b>Additions Ksh</b>	<b>30-Jun-14 Ksh</b>
Buildings - Projects	315,525,380	-	-	-	172,488,087
Library Project	-	121,912,281	24,705,496	15,310,579	81,896,206
Hotel & Hosp. Lab	23,591,641	-	-	-	23,591,641
Education Complex	143,910,709	-	-	76,910,469	67,000,240
Engineering Complex	46,379,105	-	5,203,860	41,175,245	-
High Mast Flood Lights	6,504,000	-	-	6,504,000	-
CCTV	3,137,000	-	-	3,137,000	-
Water Project	-	9,740,412	9,740,412	-	-
Lecture Space	-	4,630,263	4,630,263	-	-
ERP Project	13,500,000	-	-	9,000,000	4,500,000
<b>Totals</b>	<b>237,022,455</b>	<b>136,282,956</b>	<b>44,280,031</b>	<b>152,037,293</b>	<b>176,988,087</b>

**Work – in – Progress**

These expenses relate to payments made to contractors of on-going Capital projects undertaken by the University during the year and in particular the School of Education building, Engineering Complex and Enterprise Resource Planning software (ERP).

The transfers to PPE comprise of Kshs 126,542,544 (Library Project Kshs 121,912,281 and Lecture space Kshs 4,630,263) to Buildings and Kshs 9,740,412 water project to plant and equipment.

**Note 27:- Biological Assets**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Maize	847,250	3,176,105
Wheat	912,000	1,077,005
Dairy Livestock	14,968,000	8,988,200
Pigs	477,005	312,000
Trees	133,250	63,850
Fish	660,000	-
<b>Totals</b>	<b>17,997,505</b>	<b>13,617,160</b>

**Note 28 :- Trade and Other Payables**

<b>Particulars</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>Ksh</b>	<b>Ksh</b>
Trade Creditors	82,741,104	105,165,737
With-Holding Tax	225,935	-
Staff Medical Claims	-	949,461
Part-time Lecturers	108,455,558	78,455,558
Capital Creditors	31,827,696	17,721,869
Commissioner of Domestic Taxes	3,033,062	34,277,961
Retention (Contractor)	21,355,786	8,949,237
VAT Taxes	2,979,082	-
Prepaid Fees (Students)	206,997,271	157,371,175
Caution Money	7,442,044	3,773,394
HELB-Loan Students	11,749,830	5,910,817
HELB-Bursaries Students	199,000	195,000
CDF- Constituency Development Fund	13,213,654	33,307,751
Sponsorships	23,757,072	-
Unallocated Fee	122,960,978	-
Net Pay	3,885,236	-
PAYE	62,625,123	-
NSSF	185,700	-
NHIF	48,280	-
Bank Loans	17,028,323	-
Staff Insurance	1,150,218	-
SACCOS	5,130,095	-
HELB-Loan Repayment Staff	227,713	-
WELFARES	3,028,411	-
PENSION	2,607,185	18,413,590
UNION DUES	846,420	-
Salary Recovery	597,961	-
Legal Attachments	25,401	-
Outstanding Staff Salaries	19,985,822	87,103,079
Rent Payable	-	4,645,770
<b>Totals</b>	<b>754,309,958</b>	<b>556,240,400</b>

**Note 29 :- Accruals and Provisions**

<b>Particulars</b>	<b>30-Jun-15 Ksh</b>	<b>30-Jun-14 Ksh</b>
Provision for Audit Fees	1,039,518	1,001,518
Accrued Expenses	56,480,644	-
<b>Totals</b>	<b>57,520,162</b>	<b>1,001,518</b>

**Note 30 :Research Fund Account**

<b>Particulars</b>	<b>30-Jun-15 Ksh</b>	<b>30-Jun-14 Ksh</b>
Research Funds	41,535,003	34,071,586
<b>Totals</b>	<b>41,535,003</b>	<b>34,071,586</b>

**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.

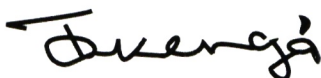
<b>Referen ce No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
ELD/UE LD/4/19	Delayed handing over of Assets and Liabilities by Moi University contrary to legal notice no. 125 of 13 <sup>th</sup> August, 2010.	<ul style="list-style-type: none"> <li>The assets were partially handed over from Moi University on 15<sup>th</sup> December, 2014</li> </ul>	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	2014/2015 FY
ELD/UE LD/4/19	Going Concern (technically insolvent) unless the Government inject additional financial support	<ul style="list-style-type: none"> <li>This is due to inadequate Exchequer funding.</li> <li>To increase internally generated funds.</li> </ul>	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	Engaging government for enhanced funding. Still on-going.

**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 University 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.

**Prof. Teresa A.O. Akenga PhD, MRSC, MBS**

Vice Chancellor



Date: 20-5-16

**Prof. Haroun N.K. Arap Mengech EBS**

Chairman of Council



Date: 20-5-16



