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*Paper laid
By Hon. K. Suale (hon)
On Thurs. 30.7.2015 (PM)
KMM*

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COMMISSION FOR
UNIVERSITY EDUCATION**

**FOR THE YEAR ENDED
30 JUNE 2014**



REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Commission for University Education as set out on pages 1 to 18, which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net assets, statement of cash flows 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.

The 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 report in compliance with the Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

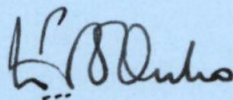
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June, 2014, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, Cap 210B of the Laws of Kenya.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

8 May 2015



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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II. KEY COMMISSION INFORMATION AND MANAGEMENT

(a) Background information

The Commission for University Education (Commission) was formed by an Act of Parliament, Universities Act, No. 42 of 2012 as the successor to the Commission for Higher Education which was established under Universities Act Cap 210B of 1985. At cabinet level, the Commission is represented by the Cabinet Secretary for Ministry of Education, Science and Technology.

(b) Principal Activities

The principal activity of the Commission is to regulate and assure quality university education by setting standards & guidelines and monitoring compliance to achieve global competitiveness.

(c) Key Management

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

- Commission Secretary/CEO
- Deputy Commission Secretary (Quality Audit & Standard)
- Deputy Commission Secretary (Accreditation)
- Deputy Commission Secretary (Administration & Finance)
- Deputy Commission Secretary (Planning, Research & Development)

(d) 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.	Commission Secretary/CEO	- Prof. David K. Some
2.	Deputy Secretaries	- Prof. Anne Nangulu - Dr. Florah Karimi - Dr. Eusebius Mukhwana - Mrs. Linah Lilan

(e) Fiduciary Oversight Arrangements

The activities of the Commission are transacted through the following sub committees:

- Audit, Risk and Compliance Committee
 - Enhance internal controls in order to improve efficiency, transparency and accountability
 - Review audit issues raised by both internal and external auditors

- Quality Assurance Committee
 - To consider and recommend to the Commission for approval standards and guidelines for physical facilities and other infrastructural requirements, academic programmes, library and information services, for quality assurance purposes
 - To consider and recommend to the Commission for approval establishment of universities, constituent colleges and campuses
 - To consider and recommend to the Commission academic programmes for accreditation
 - To consider reports on audited academic programmes and audited universities for recognition of quality status
 - To ensure institutionalization of quality assurance in universities
 - To consider and recommend to the Commission grant of authority to foreign universities to collaborate with local institutions
 - To consider and recommend to the Commission grant of license to student recruitment agencies to operate in Kenya.
 - To oversee and give direction on difficult cases on recognition and equation of foreign qualifications

- Strategy, Resource and General Purpose Committee
 1. To consider and recommend to the Commission matters relating to staff
 2. To oversee Financial matters of the Commission
 3. To consider fund raising issues
 4. To oversee research activities

(f) Commission Headquarters

P.O. Box 54999-00200
CUE Building
Red Hill Road
Off Limuru Road, Gigiri
NAIROBI, KENYA

(g) Commission Contacts

Telephone: (254) 020-7205000, 020-2021150, 020-2021154/56
E-mail: info@cue.or.ke
Website: www.cue.or.ke

(h) Commission Bankers

1. Kenya Commercial Bank
Kencom House
P.O. Box 30081
NAIROBI

(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

Prof. Tom Ojienda & Associates
Silverpool Office Suites
Suite No A8 Jabavu Lane
Off Argwins Kodhek Rd.
Kilimani
P.O. Box 13699-00100
NAIROBI

III. MEMBERS OF THE COMMISSION



Prof. Henry Thairu
Chairperson



Dr. Belio Kipsang'
Principal Secretary
State Department of Education
Member



Dr. Kamau Thugge
Principal Secretary, The National Treasury
Member



Dr. JPR Ochieng'- Odero
Member



Prof. Wilson K.A Langat
Member



Ms. Millicent Omukaga
Member



Ms. Lucy Wanja Julius
Member

COMMISSION FOR UNIVERSITY EDUCATION



Mr. Abudo Q. Mamo
Member



Prof. David Some
Commission Secretary/CEO
ex-officio Member

Name	Date Of Birth	Qualifications	Experience
<p align="center">Prof. Henry Thairu Chairman</p>		<ul style="list-style-type: none"> • PhD(Physical Chemistry)-Univ. of Trondheim, Norway-1975 • PGD(Education)-Nairobi Univ.-1972 • BSC(Chemistry & Physics)-Nairobi Univ.-1971 	<ul style="list-style-type: none"> • Vice Chancellor-Inorero Univ.-2008-To 31st August 2013 5 • Managing Director-Jomo Kenyatta Enterprises Ltd-2005-2006 1 • Deputy Vice Chancellor-JKUAT-1995-2005 10 • Deputy Principal Academic Affairs-JKUAT-1992-1994 2 • Dean, Faculty of Science-Kenyatta Univ.-1990-1992 2 • Chairman Dept. of Chemistry-Kenyatta Univ.-1988-1990 3 • Associate Professor-Kenyatta Univ.-1987 • Senior Lecturer-Kenyatta Univ.-1978-1987 • Lecturer-Nairobi Univ.-1976-1978 • Lecturer-Kenyatta Univ.-1975-1976
<p align="center">Dr. Belio Kipsang'</p>		<ul style="list-style-type: none"> • PhD(Administration/Planning) • MA (Business/Economics) 	<ul style="list-style-type: none"> • Principal Secretary – Ministry of Education, Science and Technology • Deputy CEO and Head of Operations – Higher Education Loans Board

COMMISSION FOR UNIVERSITY EDUCATION

Dr. Kamau Thugge		<ul style="list-style-type: none"> • PhD (Economics) – Johns Hopkins University 	<ul style="list-style-type: none"> • Principal Secretary – National Treasury • Ministry of Finance • International Monetary Fund
Dr. JPR Ochieng'-Odero	15.8.1957	<ul style="list-style-type: none"> • PhD(Zoology) – University of Auckland; 1989. • BSc(Zoology Principal)- Fergusson College; 1982. 	<ul style="list-style-type: none"> • Deputy Director – Consortium for National Health Research; 2008 – To Date. • Project Monitoring Committee – COMESA; 1999 – To date. • Head of Capacity – ICIPE; 2004 – 2008. • Manager – ICIPE; 1999 – 2004. • Head of Programme and Planning - RANDFORUM; 1994 – 1996. • Research, Beekeeping; 1982 – 1991.
Prof. Wilson K.A Langat	1948	<ul style="list-style-type: none"> • PhD(Pragmatism) – Drew University; 1988 • M. Phil (Medieval Philosophy) – Drew University; 1985. • MA (Philosophy) – Princeton Theological Seminary; 1983. • MA (Religion and Philosophy) – Asbury Theological Seminary; 1979 	<ul style="list-style-type: none"> • Secretary of Sports – Ministry of Youth Affairs and Sports; 2009 – 2012. • Principal – Kisii University College; 2008. • Principal – Kenya Highlands University; 2003 – 2008. • Dean of Students – Egerton University; 1999 – 2002. • Professor of Philosophy – Egerton University; 1998 – 1999. • Snr. Lecturer – Moi University; 1994 – 1997. • Lecturer – Moi University; 1993 – 1994. • Snr. Lecturer – Kenya Highlands; 1988 – 1992. • Asst. Lecturer – Drew University; 1986 – 1988. • Lecturer – KHEU; 1979 – 1981.
Ms. Millicent Omukaga	27.2.1979	<ul style="list-style-type: none"> • PhD – Erasmus University; Ongoing. • MBA – University of Nairobi; 2006. • BCom (Management Science) – University of Nairobi; 2004. • Diploma – HRM – ICM. • Diploma – Banking. • CPA(K) – KASNEB. 	<ul style="list-style-type: none"> • General Manager – Kenya Women Finance Trust; 2009 – 2012. • Head of Audit – Family Bank; 2007 – 2009. • Consultant – PriceWaterHouse Coopers; 2007. • Treasury Officer – KCB; 1999 – 2007.
Ms. Lucy Wanja Julius	1969	<ul style="list-style-type: none"> • LLM-Univ. of London-2005 • LLB-Nairobi Univ.-1992 	<ul style="list-style-type: none"> • Practising Lawyer- 2008-To Date • Worked for 7 years as:

COMMISSION FOR UNIVERSITY EDUCATION

			<ul style="list-style-type: none"> • -Secretary/Legal Officer-LapTrust • -Legal Officer-Kenya National Federation of Cooperatives Ltd -State Counsel-Advocates Complaints Commission
Mr. Abudo Q. Mamo	04-05-1979	<ul style="list-style-type: none"> • MBA-Nairobi Univ.-2011 • BSC(Maths& Statistics)Catholic Univ.-2003 • Higher Diploma(HRM)-Institute of HRM-2004 	<ul style="list-style-type: none"> • Assistant HR & Admin Manager-Hass Petroleum-2011-To Date • Committee of Experts on Constitution-Regional Coordinator-Jan-Oct 2010 • Analyst, Asset Finance-CFC Stanbic Bank Ltd-2008-2010 • Program Officer-Adventist Development Relief Agency-2006-2008 • Customer Advisor/Processor-Barclays Bank of Kenya-2005-2006
Prof. David K. Some Commission Secretary/CEO	23-03-1956	<ul style="list-style-type: none"> • Ph.D – University of Newcastle upon Tyne - U.K. • M.Sc – Cranfield University, U.K. • B.Sc. (Hons) - University of Newcastle-upon Tyne U.K. • Post Graduate Diploma 	<ul style="list-style-type: none"> • Commission Secretary/Chief Executive Officer • Vice Chancellor-Moi University • Associate Professor • Sabbatical Fellow • Deputy Vice-Chancellor • Principal • Associate Professor & Head, Department of Agricultural Bio-systems Engineering • Chairman & Senior Lecturer • Ph.D. Candidate and Teaching Assistant

IV. MANAGEMENT TEAM



Prof. David . Some
Commission Secretary/CEO



Dr. Eusebius J. Mukhwana, PhD, HSC
Deputy Commission Secretary
Planning, Research and Development



Prof. Anne Nangulu, PhD
Deputy Commission Secretary
Quality Audits and Standards



Dr. Florah Karimi, PhD
Deputy Commission
Secretary
Accreditation



Mrs. Linah Lilan
Ag. Deputy Commission Secretary
Administration and Finance

COMMISSION FOR UNIVERSITY EDUCATION

Name	Area of Responsibility	Academic/Professional Qualifications
1. Dr. Florah K. Karimi Deputy Commission Secretary (Accreditation)	Institutional Accreditation	<ul style="list-style-type: none"> • Doctor of Education in Psychology of Education from University of South Africa (2005-2009) • Masters of Education Degree in Educational Psychology from Kenyatta University (1991-1996) • Bachelor of Education (Science) degree majoring in Mathematics and Education from Kenyatta University (1988-1991)
2. Prof. Anne K. Nangulu Deputy Commission Secretary (QAS)	Quality Audits and Standards	<ul style="list-style-type: none"> • Doctor of Phylosophy – West Virginia University (USA) (1996-2001) • Master of Arts – University of Nairobi (Kenya) (1986-1990) • Bachelor of Arts – UON (1983-1986)
3. Mrs. Linah Lilan Ag. Deputy Commission Secretary (A & F)	Administration and Finance	<ul style="list-style-type: none"> • Master of Business Administration (Finance Option) • Bachelor of Education (B.Ed) Economics & Business • CPA (K)
4. Dr. Eusebius J. Mukhwana Deputy Commission Secretary (PRD)	Planning, Research and Development	<ul style="list-style-type: none"> • PhD – University of Wyoming (USA) • MSc – University of Nairobi (Kenya) • B.V.M – University of Nairobi (Kenya)

V.

CHAIRMAN'S STATEMENT



Prof. Henry Thairu
Chairman

I am pleased to present the Commission for University Education Annual Report and Accounts for the year 2013/2014. The Commission has the responsibility of aligning itself to the priorities of the country. Towards this end the Commission has aligned its five – year Strategic Plan 2014-2018 to be in line with the national Vision 2030 and Millennium Development Goals.

This annual plan is a reflection of the path that the Commission has taken over the past year as it continues to advance in the path of its mission *to regulate and assure quality university education by setting standards and monitoring compliance for global competitiveness*. The report showcases what the Commission members, management and staff have cooperatively achieved.

The remarkable developments that are taking place in the Commission are as a result of strategic leadership within the institution and the democratic national space that encourages good corporate governance in public institutions.

The mandate of the Commission is to ensure the maintenance of standards, quality and relevance in all aspects of university education, training and research. The Commission mainstreams quality assurance practices in university education and encourages continuous improvement in the management of the quality of university education.

We in the Commission have a proud tradition of ensuring that quality university education is offered in our universities. The Commission does this through instituting comprehensive quality assurance mechanisms and benchmarking best practice both locally and internationally.

The Commission has made great strides in ensuring the maintenance of standards, quality and relevance in all aspects of university education, training and research. The Commission will continue to mainstream quality assurance practices in university education by encouraging continuous improvement in the management of the quality of universities and programmes.

We invite our partners to join us in achieving our Vision of *accessible, relevant and sustainable quality university education*.

PROF. HENRY M. THAIRU

CHAIRMAN

VI. REPORT OF THE COMMISSION SECRETARY/CHIEF EXECUTIVE OFFICER



*Prof. David Some
Commission Secretary
Ex-officio Member*

INTRODUCTION

The 2013/2014 annual report details the progress that the Commission has made as well as the challenges that it has had to address. The Commission has over the years evolved from being charged with the responsibility of regulating private university education into a body charged with managing the broad spectrum of university education, both public and private.

For the first time in the history of Kenya, all local universities were brought under a single legislative framework with the Commission being charged with the responsibility of programme and institutional accreditation across the board.

The respective Acts that established the public universities and the Legal Notices that established the constituent colleges that were upgraded were revoked and the Public universities awarded Charters in 2012 and 2013.

The number of public universities rose from 7 to 22. The number of public constituent colleges are 9, private chartered universities – 17, private constituent colleges -5, private universities with Letters of Interim Authority – 13 and one (1) registered private university. Bringing the total number of universities in the country to 67.

Through strategic engagement with our stakeholders, we initiated the formulation of Standards and Regulations to operationalize the wide range of concerns stipulated in the Universities Act No. 42 of 2012 which established the Commission for University Education as the successor to the Commission for Higher Education.

The increased mandate of the Commission as provided for under The Universities Act 2012 necessitated the establishment of more Divisions and Departments in order to accomplish its mandate. These include the Divisions of Accreditation (Acc); Quality Audit and Standards (QAS); Planning, Research and Development (PRD) and Administration and Finance (A&F) all headed by Deputy Commission Secretaries (DCSs).

FINANCIAL PERFORMANCE

During the year 2013/2014 the Commission continued with its good financial performance and registered a surplus of Kshs 67,286,933.

ACHIEVEMENTS

The Commission initiated university-industry linkages to promote private sector investment and participation in university education, training and research. To foster sustainable quality in the university sector the Commission institutionalized quality assurance mechanisms in universities. Internally, the Commission was restructured to cope with the broadened mandate.

The Commission is alive to the fact that the world was rapidly becoming knowledge-directed and integrated the use of ICT in service delivery. As it undertakes its responsibilities the Commission continually benchmarks with other quality assurance bodies worldwide to ensure compliance with best practices.

As a public institution, the Commission adhered to the Performance Contracting guidelines and ISO 9001:2008 requirements to reposition itself within the context of market requirements, customer satisfaction and cost rationalization.

With the specified time-frame, the Commission held its first ever Exhibition by Kenyan Universities within the devolved County government structure. The 12th edition of the universities' exposition presented visitors to the stands, mostly secondary school leavers, with an opportunity to make informed choice in programme, and by extension career selection. It positioned universities in their rightful place as the key drivers of socio-economic development through showcasing their products, programmes and services to the wider public.

CHALLENGES

The Commission has grappled with an increased demand for quality university education against the backdrop of those unscrupulous entrepreneurs bent on deceiving Kenyans that they have been authorized to operate or offer university education in the country. The Commission has the legislative teeth to crack the whip against such corrupt elements and through its Regulations has put in place punitive penalties to deter this practice.

APPRECIATION

The Commission will continue with make its mark in stopping at nothing to ensure that quality university education is offered. Plans are underway to construct a University Training Conference Centre to house conference facilities and hotel accommodation. It is anticipated that more services will go online to enhance efficiency in delivery and increase levels of customer satisfaction.

I would like to express my sincere appreciation to the Commission management and staff for their tireless efforts towards ensuring the smooth operation of this organization, especially continued commitment of the Commission performance in accordance with the ISO 9001:2008 Quality Management System.

Finally, I wish to thank the Kenya Government and other stakeholders and partners for their continued support. Without this concerted effort many of the objectives that we had set out to establish would never have been realized.



PROF. DAVID K. SOME

COMMISSION SECRETARY/CHIEF EXECUTIVE OFFICER

VII CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which organizations are directed, controlled and held to account. The Commission is responsible for the overall management of the governance of the organization and is accountable to the stakeholders for ensuring that the Commission complies with the Law and best practice in corporate governance as promulgated by relevant authorities.

Commission Members

The Commission members are appointed in accordance with the Universities Act, 2012 Part II Section 6 (1) and comprise eight (8) persons appointed by the Cabinet Secretary in the Ministry for the time being responsible for University education. The Commission Secretary is an *ex-officio* member.

The full Commission meets at least four (4) times in each calendar year at such place and time as the Chairman may from time to time determine. The members receive all information relevant to the discharge of their obligations in accurate, timely and in a clear manner so that they can guide and maintain full and effective control over the strategic direction of the Commission, financial, operational and compliance matters. With the exception of direction and guidance on general policy, the Commission has delegated authority for the conduct of day-to-day business to the Commission Secretary and the staff of the Commission.

The Commission retains responsibility for establishing and maintaining the institution's overall control of financial, operational and compliance issues as well as implementing strategies for the long-term success of the organization.

Functions of Commission

- a) To administer the property and funds of the Commission, donations, endowments, gifts, grants or other monies and to make legitimate disbursements there from;
- b) To provide for the welfare of the staff of the Commission;
- c) To generate and raise funds for the purposes of the Commission from within and outside the country;

Committees of the Commission

The following are the Committees of the Commission:

1. Strategic Resources and General Purpose Committee; and
2. Audit Risk Committee
3. Quality Assurance Committee

Internal Controls

The Commission has defined procedures and financial controls to ensure the reporting of true and fair representation of accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organization remains structured to ensure appropriate segregation of duties.

Communication with the Commission

The Commission is committed to ensuring that stakeholders and the general public are provided with full and timely information about its performance. This is achieved by the distribution of the Commission's information and the release of notices in the media.

Periodically there are public notices, advertiser supplements and press releases informing the public on the major achievements and universities authorized to operate in the country and any other information that could be considered essential to improving understanding of the Commission's mandate.

The Annual Report and Accounts are published annually and distributed to the National Assembly.

Commission Members Emoluments

The Commission members are paid sitting allowance and other travel allowances which are included in the Commission expenses detailed in this Annual Report and Accounts 2013/2014.

VIII CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Commission is fully aware of her responsibility to society by playing an active role on matters of public concern and national importance.

Every year, the Commission commemorates the World Environment Day by planting trees within the office grounds to prevent environmental degradation and to protect Gathini river which flows through the land.

During the year under consideration, the Commission hosted a family fun day for staff and their families where HIV and AIDS awareness information was disseminated.

The Commission also hosts the annual Exhibition by Kenyan Universities where the university-public gap is bridged. During this event, universities and the Commission treat the public to free medical tests, HIV screening and information of benefit to the youth in their career selection.

The Commission continues to be a caring partner in the community and has participated in numerous charitable events both as donor and through participation of staff team. Through the Staff Welfare Fund has donated clothing and foodstuff to old people's homes, terminally ill patients at the Hospices and orphaned children.

Upon approval from the relevant authority, the Commission felled some trees in the compound and donated the logs to neighboring schools as wood fuel.

IX. REPORT OF THE COMMISSIONERS

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the Commission affairs.

Principal activities

The principal activities of the Commission are to regulate and assure quality university education by setting standards & guidelines and monitoring compliance to achieve global competitiveness.

Results

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

Commissioners

The members of the Commission who served during the year are shown on page v-vi in accordance with the Universities' Act 2012.

Auditors

The Auditor General is responsible for the statutory audit of the Commission in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012.

By Order of the Commission.



Prof David Some
Commission Secretary/CEO
Nairobi
Date 5/5/2015

X. STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Universities Act, 2012 section 33, Section 81 of the Public Finance Management Act, 2012 and section 14(2) of the State Corporations Act, require the Commissioners to prepare financial statements in respect of that Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

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

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

Nothing has come to the attention of the Commissioners to indicate that the Commission 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 Commission's financial statements were approved by the Commission on 30/9/2014 and signed on its behalf by:



Prof. Henry Thairu
Chairman



Prof. David Some
Commission Secretary/CEO

XI. REPORT OF THE INDEPENDENT AUDITORS OF THE COMMISSION

We have audited the accompanying financial statements of the Commission for the year ended June 30, 2014, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' 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 Commission'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2014, and its financial performance as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

XII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
Transfers from the Government–Capitation	3	240,862,500	259,000,000
		-	-
Revenue from exchange transactions			
Rendering of services	4	26,397,260	23,338,836
Rental revenue from facilities and equipment	5	4,677,848	4,665,975
Finance income - external investments	6	22,639,619	19,702,410
Other income	7	269,301	405,900
		53,984,028	48,113,121
Total revenue		294,846,528	307,113,121
Expenses			
Bulk purchases of water and electricity	8	3,698,456	2,898,363
Employee costs	9	144,658,627	152,515,540
Remuneration of Commissioners	10	6,937,929	9,650,327
Depreciation and amortization expense	11	12,835,488	14,844,057
Repairs and maintenance	12	2,146,039	9,915,633
Contracted services	13	17,902,610	34,962,084
General expenses	14	39,380,446	48,037,926
Total expenses		227,559,595	272,823,931
Surplus before tax		67,286,933	34,289,190
Surplus for the period		67,286,933	34,289,190

The notes set out on pages 6 to 18 form an integral part of the Financial Statements

XIII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	288,602,781	216,743,522
Receivables from exchange transactions	16	<u>7,442,546</u>	<u>37,049,297</u>
		<u>296,045,327</u>	<u>253,792,819</u>
Non-current assets			
Property, plant and equipment	17	472,158,477	476,475,501
		<u>768,203,804</u>	<u>730,268,320</u>
Total assets			
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	<u>41,204,629</u>	<u>69,515,497</u>
		<u>41,204,629</u>	<u>69,515,497</u>
Total liabilities			
		<u>726,999,175</u>	<u>660,752,822</u>
Net assets			
Capital Funds	21	197,449,724	197,449,724
Accumulated surplus	20	243,809,105	176,522,172
Revaluation Reserves	22	285,740,346	286,780,927
		<u>726,999,175</u>	<u>660,752,823</u>
Total net assets and liabilities			

The Financial Statements were signed on behalf of the Commission by:



Chairman of the Commission

Date..... 5/5/2015



Commission Secretary/C.E.O

Date..... 5/5/2015

XIV. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Reserves			Total
	Capital replacement development reserve	Revaluation surplus	Accumulated surplus	
	Kshs '	Kshs '	Kshs '	Kshs '
Balance as at 30 JUNE 2012	197,449,724	287,821,508	142,232,982	627,504,214
Surplus/(deficit) for the period	-	-	34,289,190	34,289,190
Depreciation on Revaluation	-	(1,040,581)	-	(1,040,581)
Balance as at 30 JUNE 2013	197,449,724	286,780,927	176,522,172	660,752,823
Surplus for the period	-	-	67,286,933	67,286,933
Depreciation on Revaluation	-	(1,040,581)	-	(1,040,581)
Balance as at 30 JUNE 2014	197,449,724	285,740,346	243,809,105	726,999,175

XV. STATEMENT OF CASH FLOWS

	Note	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities			
Receipts			
Net cash flows from operating activities	19	81,418,304	46,662,053
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(9,559,045)	(13,442,335)
Gain and losses on disposal of assets		-	315,000
Net cash flows used in investing activities		(9,559,045)	(13,127,335)
Net increase/(decrease) in cash and cash equivalent		71,859,259	33,534,718
Cash and cash equivalents at 1 JULY		216,743,522	183,208,804
Cash and cash equivalents at 30 JUNE	15	288,602,781	216,743,522

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XVI. 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					
Government grants and subsidies	374,000,000	(133,137,500)	240,862,500	240,862,500	-
Rendering of services	27,690,000	-	27,690,000	26,397,260	(1,292,740)
Finance Income	8,500,000	-	8,500,000	22,639,619	14,139,619
Other Income and rental income	8,000,000	(3,300,000)	4,700,000	4,947,149	247,149
Total income	418,190,000	(136,437,500)	281,752,500	294,846,528	13,094,028
Expenses					
Bulk Purchase of water & electricity	4,000,000	-	4,000,000	3,698,456	301,544
Employee costs	262,140,000	(104,140,000)	158,000,000	144,658,627	13,341,373
Remuneration of Commissioners	13,000,000	(3,538,000)	9,462,000	6,937,929	2,524,071
Depreciation and amortization exp	12,500,000	500,000	13,000,000	12,835,488	164,512
Repairs and maintenance	8,500,000	(2,000,000)	6,500,000	2,146,039	4,353,961
Contracted services	28,000,000	(1,000,000)	27,000,000	17,902,610	9,097,390
General expenses	90,050,000	(26,260,000)	63,790,000	39,380,446	24,409,554
Total expenditure	418,190,000	(136,438,000)	281,752,000	227,559,595	(54,345,960)
Surplus for the period	-	500	500	67,286,933	67,286,933

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XVII. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The Commission'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 Commission and all values are rounded to the nearest shilling (Ksh). 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.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from the government and 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 Commission and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The Commission recognizes revenue from rendering of services.

Interest income

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

Rental income

Rental income arising from leases of office space and other property properties is accounted as provided in the contract terms for on a straight-line basis over the lease terms and included in revenue.

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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 Commission. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is provided for at annual rates estimated to write off the cost of the assets over their expected useful life using the straight-line basis. The annual rates used are:

Buildings	2.5%
Furniture	12.5%
Equipment	12.5%
Motor Vehicles	25%
Computer Equipment	30%

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e) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Commission determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Commission assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset of the Commission is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Commission are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Commission determines the classification of its financial liabilities at initial recognition.

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All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) 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 are accounted for, as follows:

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

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

Inventories are recognized as an expense in the year of purchase.

g) Provisions – IPSAS 19

Provisions are recognized when the Commission 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 Commission 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.

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Contingent liabilities

During the financial year, the Commission was enjoined on eight (8) constitutional reference cases in election petitions which have been dispensed and ruled in favour of the Commission. However, we have four pending court cases which the Commission does not anticipate costs safe for the normal legal fees provided under our budget.

Contingent assets

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

h) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements. The Commission has set aside funds for construction of Universities Research & Training Centre (URTC) from prior year savings.

i) Employee benefits – IPSAS 25

Retirement benefit plans

The Commission provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Commission pays fixed contributions into a separate Standard Chartered Bank 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.

j) Borrowing costs – IPSAS 5

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

k) Related parties – IPSAS 20

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties.

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l) 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.

m) Comparative figures

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

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

The preparation of the Commission'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 Commission 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 Commission. 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 Entity
- 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

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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.

3. Transfers from other governments

	2014 Shs	2013 Shs
Unconditional grants		
Operational grant	240,862,500	259,000,000

4. Rendering of services

	2014 Shs	2013 Shs
Equation of qualification	9,387,259	6,118,836
Programme & accreditation fees	17,010,001	17,220,000
Total revenue from the rendering of services	26,397,260	23,338,836

5. Rental revenue from facilities and equipment

	2014 Shs	2013 Shs
Rent from leasing office space	4,677,848	4,665,975

6. Finance income - external investments

	2014 Shs	2013 Shs
Cash investments and fixed deposits	22,639,619	19,702,410
Total finance income – external investments	22,639,619	19,702,410

7. Other income

	2014 Shs	2013 Shs
Prequalification Income	9,500	90,900
Miscellaneous	259,801	315,000
Total other income	269,301	405,900

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8. Bulk purchases of water and electricity

	2014	2013
	Shs	Shs
Electricity	3,199,911	2,887,779
Water	498,545	10,584
Total bulk purchases	3,698,456	2,898,363

9. Employee costs

	2014	2013
	Shs	Shs
Basic pay - salaries and wages	67,433,745	68,542,543
Contributions to pensions and gratuity	14,345,019	19,068,498
Transport allowance	10,927,793	12,166,000
Housing benefits and allowances	28,220,484	31,704,333
Medical Expense	13,806,403	13,522,114
Other allowances	9,925,183	7,512,052
Employee costs	144,658,627	152,515,540

10. Remuneration of Commissioners

	2014	2013
	Shs	Shs
Chairman's Honoraria	571,440	935,000
Commission sitting allowance	4,500,000	6,326,300
Mileage allowance	361,061	144,043
Lunch Allowance	146,000	329,250
Air tickets	188,280	727,390
Insurance	199,383	112,544
Accommodation	793,600	1,075,800
Telephone/Internet	178,165	-
Total Commissioners' remuneration	6,937,929	9,650,327

11. Depreciation expense

	2014	2013
	Shs	Shs
Property, plant and equipment	12,835,488	14,844,057
Total depreciation	12,835,488	14,844,057

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12. Repairs and maintenance

	2014	2013
	Shs	Shs
Property	991,815	8,027,615
Equipment	1,154,224	1,888,018
Total repairs and maintenance	2,146,039	9,915,633

13. Contracted services

	2014	2013
	Shs	Shs
Resource persons	10,625,473	20,628,370
Professional fees	7,277,137	14,333,714
Total contracted services	17,902,610	34,962,084

14. General expenses

The following are included in general expenses:

	2014	2013
	Shs	Shs
Travelling & accommodation	5,469,686	11,918,945
Transport operating costs	3,474,052	3,213,765
Audit fees	290,000	330,000
Conferences and Seminars	5,649,724	5,150,674
Insurance	1,163,156	2,152,282
Advertising	6,155,010	3,155,862
Library Expense	125,000	1,075,013
Hiring charges	911,300	2,368,837
Postage	415,734	353,620
Printing, photocopying & stationery	2,674,360	4,534,388
Office expenses	5,498,305	5,439,273
Rent & Rates	301,563	148,070
Telephone & Internet	4,467,291	3,922,002
Training	1,963,123	2,155,427
Other	822,142	669,769
Provision for Bad Debts	-	1,450,000
Total general expenses	39,380,446	48,037,926

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15. Cash and cash equivalents

	2014	2013
	Shs	Shs
Main Account-KCB	50,493,200	27,321,348
TOWA account-KCB		345,353
Fixed Deposit KCB-Car& Furniture loan	9,699,247	8,911,453
Fixed Deposit-KCB	228,410,334	45,922,159
Fixed Deposit-Coop Bank		134,243,209
Total cash and cash equivalents	288,602,781	216,743,522

16. Receivables from exchange transactions

	2014	2013
	Shs	Shs
Current receivables		
Staff Debtors/Imprest	13,000	9,883
Debtors	220,000	220,000
Unesco-HIV & Aids Project	-	1,165,956
Prepayments	3,370,944	2,476,537
Accrued dues	3,546,952	33,176,921
NICHE Project	291,650	-
Total current receivables	7,442,546	37,049,297

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17. Property, plant and equipment

	Land	Buildings	Furniture & Fittings	Equipment	Computers	Motor vehicles	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2012	49,380,000	144,927,570	10,596,124	9,007,462	11,774,120	8,351,555	234,036,831
Revaluation 2009/10	264,620,000	23,623,251				1,800,000	290,043,251
Additions	-	-	839,200	1,387,152	5,270,086	5,945,896	13,442,334
Disposals	-	-	-	-	-	(782,000)	(782,000)
Transfers/adjustments	-	-	-	-	-	-	-
At 30 June 2013	314,000,000	168,550,821	11,435,324	10,394,614	17,044,206	15,315,451	536,740,416
Additions	-	-	3,343,075	-	6,215,970	-	9,559,045
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30 June 2014	314,000,000	168,550,821	14,778,399	10,394,614	23,260,176	15,315,451	546,299,461
Depreciation and impairment							
At 1 July 2012	-	(24,461,433)	(3,001,846)	(3,857,382)	(7,884,276)	(5,957,341)	(45,162,278)
Depreciation	-	(3,623,189)	(1,429,416)	(1,299,327)	(5,113,262)	(3,378,863)	(14,844,056)
Disposal	-	-	-	-	-	782,000	782,000
Revaluation depreciation	-	(590,581)	-	-	-	(450,000)	(1,040,581)
At 30 June 2013	-	(28,675,204)	(4,431,262)	(5,156,709)	(12,997,538)	(9,004,204)	(60,264,915)
Depreciation	-	(3,623,189)	(1,847,300)	(1,299,327)	(3,627,373)	(2,438,299)	(12,835,488)
Disposals	-	-	-	-	-	-	-
Revaluation depreciation	-	(590,581)	-	-	-	(450,000)	(1,040,581)
At 30 June 2014	-	(32,888,974)	(6,278,562)	(6,456,036)	(16,624,911)	(11,892,503)	(74,140,984)
Net book values							
At 30 June 2014	314,000,000	135,661,847	8,499,837	3,938,578	6,635,265	3,422,948	472,158,477
At 30 June 2013	314,000,000	139,875,617	7,004,063	5,237,905	4,046,668	6,311,248	476,475,501

COMMISSION FOR UNIVERSITY EDUCATION

18. Trade and other payables from exchange transactions

	2014	2013
	Shs	Shs
Audit Fees	580,000	580,000
Research Funds	11,045,195	13,015,695
McCormack Partnership A	2,112,000	2,112,000
Other Funds-Needs Assesment	10,985,636	12,050,204
Exhibition by Kenyan Universities	3,168,413	2,987,772
TOWA Funds	-	345,354
National Aids Control Council	-	106,504
Sundry Creditors	5,608,573	13,004,185
Creditors Control	6,442,920	24,113,783
Unesco Project	61,892	-
Rent Deposit-Touchstone	225,000	225,000
Rent Deposit-Amin Nanji	225,000	225,000
Rent Deposit-National Biosafety	750,000	750,000
Total trade and other payables	41,204,629	69,515,497

19. Cash generated from operations

	2014	2013
	Shs	Shs
Surplus for the year before tax	67,286,933	34,289,190
Adjusted for:		
Depreciation	12,835,488	14,844,056
Gains and losses on disposal of assets	-	(315,000)
Working capital adjustments:		
(Increase)/Decrease in receivables	29,606,751	(30,684,935)
Increase/(Decrease) in payables	(28,310,868)	28,528,742
Net cash flows from operating activities	81,418,304	46,662,053

COMMISSION FOR UNIVERSITY EDUCATION

20. Accumulated surplus

	2014	2013
At 1 st July	176,522,172	142,232,982
Surplus/ (Deficit) for the year	67,286,933	34,289,190
Balance as at 30 th June	243,809,105	176,522,172

21. Capital Fund

	2014	2013
At 1 st July	197,449,724	197,449,724
Balance as at 30 th June	197,449,724	197,449,724

22. Revaluation Reserves

	2014	2013
At 1 st July	286,780,927	287,821,508
Depreciation on Revaluation	1,040,581	1,040,581
Balance as at 30 th June	285,740,346	286,780,927

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

XIV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There were no outstanding audit matters



Commission Secretary/CEO)

Date.....5/5/2015.....



Chairman of the Commission

Date.....5/5/2015.....