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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
UNIVERSITY OF KABIANGA**

**FOR THE YEAR
ENDED 30 JUNE 2017**



*Paper laid by
Lom on 18/10/18 (pm)*





UNIVERSITY OF KABIANGA
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TEL: 020-2172665



REGULATORY AND OTHER NON-COMMERCIAL ENTITIES
(UNIVERSITY OF KABIANGA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

BACKGROUND INFORMATION

INTRODUCTION

University of Kabianga was officially decreed by His Excellency the former President of the Republic of Kenya Hon. Mwai Kibaki at Kabianga High School grounds on the 10th of May, 2007 as a campus of Moi University.

The Kabianga Complex which included the Kabianga High School & Primary School and Kabianga Farmers Centre has a long history dating to 1925 and has been a centre of excellence in Farmer's Training, Teacher Education, Secondary, Primary Education and the 300 Acre Kipsigis County Council Tea Farm. Indeed the current Kericho Teachers' Training College was situated at the Kabianga Complex until 1963 when it was moved to the current location in Kericho Town.

The facility was officially handed over to Moi University by the Ministry of Agriculture on 8th November, 2007 and admitted its first group of 150 students on November 26, 2007. The Campus was elevated to a Constituent University of Moi University by a Gazette Notice dated the 29th of May, 2009. The University was subsequently elevated to fully fledged status through an award of Charter vide Universities Act, 2012.

The University of Kabianga is situated in what was formerly Kabianga Farmers Training Centre. The Training Centre facility was established in 1959 and managed by the Ministry of Agriculture to provide short courses, workshops/seminars, and exhibition and extension services to the farming community, in the South Rift Region of Kenya.

University of Kabianga, in fulfilling its mission of community outreach, Research and extension, takes over the mandate of its successor, Kabianga Farmers Training Centre of the Ministry of Agriculture.

The University stands on about 110 acres and is situated in the famous and lush tea-growing highlands of Kericho County in the Southern end of the Rift Valley Province of Kenya. It is about 21km from Kericho Town and 6km off the main Kericho - Kisii road on the junction called "Premier Dairies"

Since its inception, the University embarked on the expansion of physical facilities. These include library, modern hostels, laboratories, health unit, lecture theatres, water treatment plant, septic tank elevated water tank and Network Infrastructure. Plans are underway to put up more administrative offices to cater for the surging demand.

VISION, MISSION AND CORE VALUES

VISION:

To be a leading University in scientific innovation for the betterment of humanity.

MISSION:

To create, preserve and transfer knowledge and technology through quality and entrepreneurial education, research, extension, and partnership with government, industry and non-state actors whilst ensuring a sustainable environment.

CORE VALUES:

1. Promoting and defending intellectual and academic freedom, scholarship, innovation and relentless search for truth.
2. Fostering teamwork, collaboration, creativity and innovation,
3. Effective communication, tolerance and a culture of peace.
4. Valuing excellence, quality and service, openness, consultation, efficiency and effectiveness.
5. Recognizing competence, meritocracy, exemplary leadership, equality, integrity and national patriotism.
6. Continually improving services in order to remain competitive and relevant.

PRINCIPAL ACTIVITIES OF THE UNIVERSITY

The main activities of the University of Kabianga are as follows:

- (i) To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya.
- (ii) To participate in the research, transmission and preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya.
- (iii) To provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower needs;

- (iv) To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University;
- (v) To examine and make proposals for new faculties, schools , institutes , departments, resource and research centres, degree courses and subjects of study;
- (vi) To play a leading role in the development and expansion of the opportunities for higher education and research;
- (vii) To contribute to industrial and technological developments through innovations and technology transfer.
- (viii) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, and consultancy services;
- (ix) To participate in commercial ventures and other activities for the benefit of the institution, the community and stakeholders;
- (x) To contribute to agriculture, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;
- (xi) To provide programmes, products and services in ways that reflect the principles of equity and social justice;
- (xii) To facilitate student mobility between different programmes at different training institutions , universities and industry; and
- (xiii) To foster the general welfare of all staff and students.








GOVERNANCE STRUCTURE


The Key Governance Structures of the University of Kabianga are:

- i.** University Council
- ii.** University Management Board
- iii.** University Senate

FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibilities were:

S/N	Designation		Name
1.	Vice-Chancellor		Prof. Wilson K. Kipngeno, MBS B.Sc M.Sc (UoN), PhD(California, Riverside),
2.	Deputy Vice- Chancellor (Administration and Finance)		Prof. Eric Koech, MBS B.Sc (UoN), M.Sc (Mc Gill), PhD (North Wales, UK)
3.	Deputy Vice- Chancellor (Academic and Student Affairs)		Prof. Elijah I. Omwenga B.Ed Sc. (KU), PGD Comp. Sc (UoN), MSc. Comp. Sc (NUST) Bulawayo, PhD Comp. Sc (UoN)
4.	Deputy Vice- Chancellor (Planning, Research and Development)		Prof. Marion Mutugi ,EBS BSc. (Philippine Union College), M.Sc (UoN), PhD (Edinburgh University), Diploma in Leadership,(San Francisco) EMBA (JKUAT)
5.	Ag. Finance Officer		Mr. Willy K. Koech BBM Accounting(Moi University), CPA (K), MBA (UoK),
6.	Deputy Registrar (Administration)		Mr. Peter K. Kimalel BA(Moi University), EMBA (UoK), PG Dip HRM (Moi University)
7.	Deputy Registrar (Academic & Student Affairs)		Dr. Cecilia C. Sang BEd. Home Science (KU), N. Ed. (Egerton University), PhD.(Egerton University)

8.	Deputy Registrar (Planning, Research & Development)		Dr. Rev. Edwin Too BTh. (KHEU) M.Ed (University of Manchester) M.Div.(AIU), PhD (Kabarak University),
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FIDUCIARY OVERSIGHT ARRANGEMENTS

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council. In the Financial year ended 30th June 2017 the following Committees were in place:

AUDIT COMMITTEE

- | | |
|-----------------------------|------------------------------|
| 1. Mr. Nicasio Karani Migwi | Chairman |
| 2. Mr. Dan Shem Omino | Member |
| 3. Ms. Patricia Munayi | Member |
| 4. Mr. William P. Mayaka | Member |
| 5. Mr. Wesley Too | Member Rep-National Treasury |
| 6. Internal Audit | Secretary |

FINANCE, RESOURCE MOBILIZATION AND GENERAL PURPOSE COMMITTEE

- | | |
|-----------------------------|----------------------------------|
| 1. Mr. William P. Mayaka | Chairman |
| 2. Mr. Dan Shem Omino | Member |
| 3. Mr. Nicasio Karani Migwi | Member |
| 4. Mr. Edward Kibiwott Boor | Member |
| 5. Mr. Charles Obiero | Member Rep-Ministry of Education |
| 6. Mr. Wesley Too | Member Rep-National Treasury |
| 7. Vice-Chancellor | Secretary |

ACADEMIC, RESEARCH, PLANNING AND INFRASTRUCTURAL DEVELOPMENT COMMITTEE

1. Mr. Dan Shem Omino Chairman
2. Mr. Nicasio Karani Migwi Member
3. Ms. Patricia Munayi Member
4. Mr. Edward Kibiwott Boor Member
5. Mr. Charles Obiero Member Rep-Ministry of Education
6. Vice-Chancellor Secretary
7. Representative State Department of Public Works - In attendance

HUMAN RESOURCE DEVELOPMENT AND ADMINISTRATION COMMITTEE

1. Ms. Patricia Munayi Chairman
2. Mr. William P. Mayaka Member
3. Mr. Edward Kibiwott Boor Member
4. Mr. Charles Obiero Member Rep-MoE
5. Mr. Wesley Too Member Rep-National Treasury
6. Vice-Chancellor Secretary
7. Representative Ministry of Public Service - In attendance

The committees of the previous Council are as follows:

AUDIT COMMITTEE

1. Mr. Gabriel Muthwale **Chairman**
2. Mr. Wesley Too Representing National Treasury
3. Geol. Millen Ndemiso Noni Member
4. Internal Auditor Secretary

FINANCE, RESOURCE MOBILIZATION AND GENERAL PURPOSE COMMITTEE

1. Mr. Vincent Agalla Chokaa **Chairman**
2. Mr. Charles Obiero Representing Ministry of Education

3. Mr. Wesley Too Representing National Treasury
4. Dr. Roba D. Sharamo Member
5. Vice-Chancellor Secretary

PLANNING, RESEARCH AND INFRASTRUCTURAL DEVELOPMENT COMMITTEE

1. Eng. Charles Koske **Chairman**
2. Geol. Millen Ndemiso Noni Member
3. Mr. Charles Obiero Representing Ministry of Education
4. Mr. Vincent Agalla Chokaa Member
5. Vice-Chancellor Secretary
6. Representative State Department of Public works – In attendance

HUMAN RESOURCE DEVELOPMENT AND ADMINISTRATION COMMITTEE

8. Dr. Roba D. Sharamo **Chairman**
9. Mr. Gabriel Muthwale Member
10. Eng. Charles Koske Member
11. Mr. Charles Obiero Representing Ministry of Education
12. Vice-Chancellor Secretary
13. Representative Ministry of Public Service- In attendance

These committees are in line with the requirements of Mwongozo: The Code of Conduct and Governance for State Corporations

REGISTERED OFFICE

University Of Kabianga
Off Kericho- Kisii Road
P.O Box 2030 - 20200,
KERICHO.

UNIVERSITY CONTACTS

Telephone: 020-2172665
E-mail: vc@kabianga.ac.ke
Website: www.kabianga.ac.ke

BANKERS OF THE UNIVERSITY

1. Co-operative Bank, Kericho Branch.
2. Kenya Commercial Bank Kericho Branch.
3. Standard Chartered Bank Kericho Branch.
4. Equity Bank Limited, Litein Branch




INDEPENDENT AUDITORS





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

(a) PRINCIPAL LEGAL ADVISER

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

MEMBERS OF COUNCIL WHO SERVED FROM 1ST MARCH, 2013 TO 28TH FEBRUARY, 2017




<p>Dr. Florence Kiragu Nyamu, OGW Chairman</p> <p>B. Ed. (Science) (UoN), Ed. M (Harvard), Ed.D (Harvard)</p>		<p>Dr. Florence Nyamu has served as an education specialist with the Forum for African Women Educationalists (FAWE) and as a consultant with the Center for African Family Studies (CAFS). Dr. Nyamu serves on the boards of a number of educational institutions and is the author of numerous papers on girls, education, development and human rights. She was appointed the Council Chairman of University of Kabianga on 1st March 2013.</p>
<p>Prof. Wilson K. Kipngeno, MBS Secretary</p> <p>B.Sc, M.Sc (UoN), Ph.D (California, Riverside)</p>		<p>Prof. Wilson Kipngeno started his career as a lecturer in University of Nairobi in the field of Applied Statistics. Through his brilliance, he has risen ranks to be the Vice-Chancellor of University of Kabianga. His previous work experience includes serving as a DVC (Administration Planning and Finance) in Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Egerton University. Prior to his appointment in May 2013, Prof. Kipngeno was the Ag. Vice-Chancellor after serving as the Principal of Kabianga University College since May 2009.</p>
<p>Mr. Gabriel M. Muthwale, OGW Member</p> <p>B.Sc (UoN), M Ed.(Dalhousie)</p>		<p>Mr. Gabriel Muthwale is a seasoned teacher. He started his career at Machakos School in Jan 1972 as a Maths and Physics teacher. Over the years, he has served in many academic institutions at different positions that include; Deputy Principal (Kenya Technical Teachers' College), Principal (Nairobi Technical Training Institute), Senior Principal (Kenya Polytechnic) among other others. His appointment as Council Member took effect from 1st March 2013 and served up to 28th February, 2017.</p>

<p>Eng. Charles K. Koske, Member</p> <p>B.Sc (Eng) (UoN), M.Sc (Eng) (Cranfield, UK), DSM</p>		<p>Mr. Charles Koske is an Agricultural Engineer, a field he has a wealth of experience having practised since 1981. He has served in senior positions for various projects. Among the Major positions he held previously include Principal Engineer, Project Implementation for IDA and Managing Director, National Water Conservation and Pipeline Corporation. He currently serves as the Deputy General, National Irrigation Board. He was appointed a Council member on 1st March, 2013 and served up to 28th February, 2017.</p>
<p>Geol. Millen N. Noni, Member</p> <p>B.Sc. (Geology) UoN M.Sc (Glasgow)</p>		<p>Geol. Millen Ndemiso Noni is a Geoscientist who has expanded her skills in analysing and interpreting geological, geothermal and geophysical information. She has rich experience on mapping natural resources by remote sensing using GIS. Her previous work experience includes Teachers' Service Commission where she served for Thirteen years. She is currently working with National Museums of Kenya. Geol. Millen N. Noni was appointed as Council member of University of Kabianga on 1st March 2013 and served up to 28th February, 2017</p>
<p>Dr. Roba D. Sharamo, Member</p> <p>B Sc. (KU) M.A.(Brandeis University, Waltham, USA), Ph.D (George Mason University, USA)</p>		<p>Dr. Roba Sharamo is an analytical thinker, diplomat, researcher and manager with over fifteen years experience. His career interests include conflict management, policy advising, peace building and post-conflict development planning in fragile and weak political environments. He has worked and researched in Kenya, Uganda, Ethiopia and U.S on a variety of conflict management. He was appointed a Council member on 1st March, 2013 and served up to 28th February, 2017</p>
<p>Mr. Vincent A. Chokaa, Member</p> <p>B.A, LLB, LL.M (UoN)</p>		<p>Mr. Vincent Chokaa is an experienced lawyer having worked as a Senior Legal officer in the Ministry of Labour. He is currently an Advocate of the High Court of</p>

	<p>Kenya and Sub-ordinate Courts. He was appointed a Council member on 1st March, 2013 and served up to 28th February, 2017</p>
<p>Mr. Charles Obiero, Rep. Principal Secretary, Ministry of Education Science and Technology</p> <div data-bbox="687 434 922 696" data-label="Image"> </div>	<p>Mr. Charles Obiero represents the Principal Secretary, State Department of Education. He is a Senior Assistant Director of Education in the Ministry of Education, Science and Technology. He was appointed as a member of Council of University of Kabianga on 1st March 2013.</p>
<p>Mr Wesley K. Too Rep. Principal Secretary, National Treasury</p> <div data-bbox="687 745 890 985" data-label="Image"> </div>	<p>Mr. Wesley K. Too represents the Principal Secretary, National Treasury. He is a Senior Assistant Director of External Resources in the National Treasury; Resources mobilization department. He was appointed as a member of Council of University of Kabianga on 1st March 2013.</p>

CURRENT MEMBERS OF THE UNIVERSITY COUNCIL WHO HAVE SERVED FROM 10TH MARCH, 2017 TO DATE

<p>Dr. Florence Kiragu Nyamu, OGW Chairman</p> <p>B. Ed. (Science) (UoN), Ed. M (Harvard), Ed.D (Harvard)</p> <div data-bbox="743 1223 927 1462" data-label="Image"> </div>	<p>Dr. Florence Nyamu has served as an education specialist with the Forum for African Women Educationalists (FAWE) and as a consultant with the Center for African Family Studies (CAFS). Dr. Nyamu serves on the boards of a number of educational institutions and is the author of numerous papers on girls, education, development and human rights. She was appointed the Council Chairman of University of Kabianga on 1st March 2013.</p>
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<p>Prof. Wilson K. Kipngeno, MBS Secretary</p> <p>B.Sc, M.Sc (UoN), Ph.D (California, Riverside)</p> 	<p>Prof. Wilson Kipngeno started his career as a lecturer in University of Nairobi in field of Applied Statistics. Through his brilliance, he has risen ranks to be the Vice-Chancellor of University of Kabianga. His previous work experience includes serving as a DVC (Administration Planning and Finance) in Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Egerton University. Prior to his appointment in May 2013, Prof. Kipngeno was the Ag. Vice-Chancellor after serving as the Principal of Kabianga University College since May 2009.</p>
<p>Mr. Charles Obiero, Rep. Principal Secretary, Ministry of Education Science and Technology</p> 	<p>Mr. Charles Obiero represents the Principal Secretary, State Department of Education. He is a Senior Assistant Director of Education in the Ministry of Education, Science and Technology. He was appointed as a member of Council of University of Kabianga on 1st March 2013.</p>
<p>Mr Wesley K. Too Rep. Principal Secretary, National Treasury</p> 	<p>Mr. Wesley K. Too represents the Principal Secretary, National Treasury. He is a Senior Assistant Director of External Resources in the National Treasury; Resources mobilization department. He was appointed as a member of Council of University of Kabianga on 1st March 2013.</p>

Mr. William P. Mayaka, (EBS)

MPA (Harvard)
PGC (Princeton)
BA (Colby)
All in the USA



Mr. William Mayaka is a retired Permanent Secretary (PS) having served in that capacity in the Ministry of Environment & Natural Resources; Industrialization; and then Tourism. A career civil servant, he served in the Ministry of Finance (then The Treasury) where he rose from an Assistant Secretary to Deputy Secretary (DS). He then served as DS in the Ministries of: Local Government; Agriculture; Environment & Natural Resources; and then Labour & Manpower Development before being honoured with appointment as PS. He has also served as member of Council, Maseno University; Director of the Board of Kenya Reinsurance Corporation; and Chairman of the Board of Directors of Nyayo Ta Zones Development Corporation. He was appointed as member of Council of University of Kabianga on the 10th March 2017.

Mr. Dan Shem Omino, OGW

MBA (Maastricht)
BSc. (UON)



Mr. Dan Omino is a practitioner in consultancy covering areas of Strategy, Governance, Institutions Reforms and Performance. He has served for 10yrs as Government of Kenya Consultant in the introduction and practice of Performance Contracting to the point of being awarded with an OGW by the President. He was co-opted to serve in the State Corporation Advisory Committee. He has served as Vice Chairman of Maseno University for 7 years. Currently he is providing advisory support to a number of State Corporations including the Water, Irrigation and University Education sector.

He was appointed as a member of Council of University of Kabianga on 10th March 2017.

Ms Patricia Munayi

Member

(MA) (University of Sussex UK).
PGD Kenya.
BEd. KU
Pmass Communication PGD
PGDMC



Ms Patricia Munayi has experience in gender mainstreaming and gender integration support towards Global Affairs Canada funded programmes and initiatives; oversee capacity building including training and mentoring of internal staff and partners to strengthen gender integration; engage in policy dialogue through various development and donor groups including the Gender Sector Coordination Group (GSCG) and the Development Partners Gender Groups, both national forums that brings together gender equality and women empowerment experts and stakeholders to promote and advocate **for gender equality**. A gender advisor with expertise in gender mainstreaming and integration. She has engaged in policy dialogue and capacity building to strengthen and promote gender equality, women empowerment through various donor agencies including British Council, Royal Netherlands Embassy, Danida and Global Affairs Canada. She was appointed as a member of Council of University of Kabianga on 10th March 2017.


Mr .Edward Kibiwott Boor

MA(UoN), BSc. (Egerton) and
Diploma (Egerton)














Mr. Edward Kibiwott Boor

Has over 10 yrs hands on experience in managing agricultural and dairy related projects, enhancing controls to achieve operational objectives and create improvements, efficiencies and overall stakeholder's value and working with executive leadership teams and governance boards. Strategic experience in streamlining budgeting, forecasting, cost controls, risk/compliance management, and reporting processes. Expertise in customer engagement, board level execution, community mobilization, people management, resource mobilization and experience in managing various projects funded by international agencies like Brooke Hospital for animals (UK), USAID. He was appointed as a member of Council of University of

	Kabianga on 10 March 2017.
<p>Nicasio Karani Migwi Member MSc. Copenhagen, Denmark MA-,Sheffield Hallam , UK BA- (Moi)</p> 	<p>Mr. Nicasio Karani is an Economist with over ten years of experience as a Banker. He is an expert on Sub-Sahara Africa more so in regards to cross border banking. He is a specialist in Strategic Management. He was appointed as a member of Council of University of Kabianga on 10th March 2017</p>

UNIVERSITY MANAGEMENT TEAM

S/No.	Designation		Name
1.	Vice-Chancellor		Prof. Wilson K. Kipngeno, MBS B.Sc M.Sc (UoN), PhD (California, Riverside),
2.	Deputy Vice- Chancellor (Administration and Finance)		Prof. Eric Koech, MBS B.Sc (UoN) M.Sc (Mc Gill PhD (North Wales, UK),)
3.	Deputy Vice- Chancellor (Academic and Student Affairs)		Prof. Elijah I. Omwenga B.Ed Sc. (KU), PGD Comp. Sc (UoN), MSc. Comp. Sc (NUST) Bulawayo, PhD Comp. Sc (UoN)
4.	Deputy Vice- Chancellor (Planning, Research and Development)		Prof. Marion Mutugi, EBS BSc. (Philippine Union College), M.Sc (UoN), PhD (Edinburgh University), Diploma in Leadership,(San Francisco) EMBA (JKUAT)
5.	Ag. Finance Officer		Mr. Willy K. Koech BBM Accounting(Moi University), CPA (K), MBA (UoK)
6.	Deputy Registrar (Administration)		Mr. Peter K. Kimalel BA(Moi University), PG Dip HRM (Moi University), EMBA (UoK)
7.	Deputy Registrar (Academic & Student Affairs)		Dr. Cecilia C. Sang BEd. Home Economics (KU), M.Ed. (Egerton University), Ph.D.(Egerton University)
8.	Deputy Registrar (Planning, Research & Development)		Dr. Rev. Edwin Too BTh. (KHEU), M.Div.(AIU), M.Ed (University of Manchester) PhD (Kabarak University),

9.	Ag. ICT Director		Mr. Geoffrey K. Sowek BSc. Computer Science (Egerton University)
10.	Legal Officer		Ms. Robai W. Ayuma LLB (Moi University), Dip. n Law (Kenya School of Law)
11.	Ag. Deputy University Librarian		Dr. Festus K. Ngetich BSc. Information Sciences (Moi University), MPhil (Moi University), PhD. (Moi University)

CHAIRMAN'S STATEMENT

It gives me great pleasure to present the 5th Annual Report and Financial Statements for the University of Kabianga for the year ended 30th June, 2017 since the University was awarded Charter. The University recorded a marked improvement during the period under review in the following areas: development of academic programmes and infrastructure aimed at enhancing access to higher education.

I acknowledge the University's commitment to producing well equipped graduates in their disciplines. The University is keen in ensuring that whatever programmes they pursue, they will acquire the necessary skills, knowledge, experience and confidence to be exemplary leaders in their professional lives. To be role models in their communities and become responsible citizens wherever in the world their careers might take them. To this end, I am delighted to note that this has been achieved.

The University Council is mandated to mobilize resources and utilize them effectively and efficiently to promote higher education. This mandate is enshrined in our University Charter, 2013. In addition, the Council is committed to embracing best practices in governance and in line with this; the Council developed the 2016-2020 University Strategic Plan for implementation, relevant University policies, a Council Charter and Code of Conduct to guide its operations in accordance with Mwongozo: The Code of Conduct and Ethics for State Corporations.

The Council is pleased with the efforts the University Management has continued to undertake to enhance the quality and relevance of Academic programmes offered by the University and its commitment to continue to sustain ISO 9001:2008 Standards as evidenced by the recertification audits conducted during the year. The continued certification signals continual improvement and maintenance of quality service delivery by the University through accountability, transparency and improved efficiency to be a world class University.

I wish to thank the Government of Kenya and other stakeholders for funding our projects during the financial year. The University's student population is growing fast and we continue to appeal for support for the projects in our strategic plan such as a modern Library Complex, IT infrastructure, Lecture Theatre Blocks and Administration Block among others to enable the University achieve its core mandate in the provision of quality teaching, research and extension services.

Finally, I thank all our partners, collaborating institutions, staff and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.

SIGNATURE:
DR. FLORENCE K. NYAMU, OGW
CHAIRMAN OF COUNCIL

DATE: 30/9/2017

VICE-CHANCELLOR'S STATEMENT

I am pleased to present the 5th Annual Report and Financial Statements for the University of Kabianga for the year ended 30th June, 2017 since the University was awarded Charter. The University has undergone significant transformation within the reporting period that will provide a platform to build on in the future.

During the year under review, the University received minimal increased government grants to finance its recurrent budget from **Ksh. 575,084,500** in financial year 2015/2016 to **Ksh.610,084,500** in financial year **2016/2017** representing 6% growth. The development funding was **Ksh. 213,000,000** compared to **Ksh. 140,879,967** in FY 2015/2016. However, there was a reduction of **Ksh. 37,000,000** from the allocated amount of **Ksh.250,000,000**. Given the level of infrastructural development in the University, the current development funding allocation is still low.


It is worth noting that there was a marginal growth of 2.5% of internally generated funds from **Ksh. 531.5 Million in financial year 2015/2016 to Ksh. 544.75 Million in financial year 2016/2017**. Whereas, the deficit in the statement of financial Performance increased to **Ksh. 25,096,514** in 2016/2017 from **Ksh. 19,984,804** in 2015/2016 due to low revenue collection on tuition fees. This was low because of school based students both continuing and new who did not report for studies in the month of April, 2017 due to Lecturers' strike. This affected approximately 800 students under the school based programme leading to a reduction of revenue of approximately **Ksh 40 Million**.

The student enrolment dropped from 8,978 to 8,557 distributed in seven (7) Schools with over sixty (60) Academics programmes. This is an indication that the University has continued to occupy a niche in the competitive higher education sector.

The University of Kabianga continued to make significant progress during the year in terms of development. The University completed Phase II of Lecture Theatres and handed over by the contractor. This has provided more space for students and staff. This project was funded by the Government through GoK development grants.

I would like to express my sincere appreciation to the University Council for providing policy and strategic direction; staff for dedicated service and students for their illustrious academic pursuit. The University could not have achieved the progress realized without the much needed financial support from the Government of Kenya during the period under review.

Finally, I would like on behalf of the University to thank all stakeholders for their co-operation that saw us complete the year successfully.

SIGNATURE.....
PROF. WILSON K. KIPNGENO, MBS
VICE-CHANCELLOR

DATE: 30/9/2017.....

CORPORATE GOVERNANCE STATEMENT

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

The Council

The current Council consists of 9 members inclusive of the Vice-Chancellor as the Secretary. The members are as follows:

NO.	NAME	TITLE
1.	Dr. Florence Kiragu Nyamu	Chairman
2.	Mr. William P Mayaka	Member
3.	Mr. Dan Shem Omino	Member
4.	Ms. Patricia Munayi	Member
5.	Mr. Edward Kibiwott Boor	Member
6.	Mr. Nicasio Karani Migwi	Member
7.	Prof. Wilson K. Kipngeno	Secretary
8.	Prof. Collete Suda Principal Secretary(University Education)	Ex-Officio
9.	Dr. Kamau Thugge Principal Secretary(National Treasury)	Ex-Officio

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

Council Responsibilities

The University Council is the governing body of the University through which the University shall:

- a) Administer the property and funds of the University
- b) Receive, on behalf of the University donations, endowments, gifts, grants or other moneys and disbursements there from to the University or other bodies or persons
- c) Approve the appointment criteria and terms and conditions of service of staff
- d) Provide for the welfare of staff and students
- e) Make after consultation with the Senate, regulations governing the conduct and discipline of students of the University.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Extension services are a Corporate Social Responsibility that ensure successful transfer of new knowledge and technological advances that have been translated into applications to industry and end-users, for the socio-economic wellbeing of the society.

In line with the above, extension Workshop for National administrators (Cadets, Assistant Chiefs and Chiefs), Senior Police Officers and Community opinion leaders was held as scheduled on Friday, 16th June, 2017, and was successful.

The presentation on “**Peace Building**” by the appointed guest speaker from National Cohesion and Integration Commission (NCIC), Commissioner Hon. Morris Dzero was excellent and an eye-opener on the need for all people in different communities to strive to work towards peaceful coexistence, for the good of the country.

The participants were also trained by resource persons from various UoK Schools on various topics that were highlighted previously, namely:

- 1) Human Rights, Ethics and Gender,
- 2) Public Relations and Public Policy,
- 3) Drugs, Substance Abuse and HIV/AIDS, and
- 4) Stress Management and Personal Development.

The feedback received this far indicates that, the participants benefitted immensely from all the lessons they were taken through as outlined above hence there is no doubt that they will be able to apply this knowledge for the enhancement of the wellbeing and livelihoods of their families and members of the communities that they serve every day, at the grassroots.

A total of **71** participants (35 women and 36 men) out of the initially listed **86** attended the workshop. In addition, **three** officials from National Cohesion and Integration Commission (NCIC) (2 men and 1 lady) who accompanied the Commissioner participated in the workshop.

All the participants were each issued with a certificate at the close of the workshop.

The contact person who liaised with the Division (PR&D), Ms. Lilian Wabala (Assistant County Commissioner, Belgut Sub-County) has further suggested that, the extension workshop becomes an annual event for similar training of other Administrators and lower cadres of the police force.

REPORT OF THE COUNCIL

The Council submit their reports together with the unaudited financial statements for the year ended 30th June, 2017 which show the state of affairs for University of Kabianga.

Principal activities

The principal activities of the University are to offer Higher Education, Research and Extension services.

Results

The results of the University for the Year ended June 30, 2017 are set out on page 1 to 4.

Members of Council

The Members of the Council who served during the year are shown on page xi-xiii.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Section 68 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Council



PROF. W.K. KIPNGENO, MBS
VICE-CHANCELLOR

DATE 30/9/2017

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF KABIANGA FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of University of Kabianga set out on pages 1 to 28, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual performance 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 35 of the Public Audit Act, 2015. 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of University of Kabianga as at 30 June 2017 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.

Further, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Other Matter section of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the University of Kabianga in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For the matter below, a description of how the audit addressed the matter is provided in

that context. I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report, including in relation to this matter. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements.

Key Audit Matter	How the Audit Addressed the Key Audit Matter
Student Fee Debtors – Kshs. 99,292,961	
<p>Clause 5 of the student fee policy dated October 2013 states that a student shall be required to pay tuition fees and all other related charges to the program at the time of registration. No registration is complete until the fees have been paid in full. Further failure to adhere to the plan will result in automatic disqualification.</p> <p>It is recognized that disqualification of a student may be influenced factors such as government policy, which may be beyond the control of the University.</p> <p>As disclosed in note 13 to these financial statements, judgement is applied in determining the appropriate parameters and assumptions used to calculate provision for doubtful debts. For example, the assumptions of students that will default, the expected future cash flows from the students and the timing of the cash flows.</p> <p>Due to the significance of the student fees debtors balances of Kshs. 99,292,961, and the significant judgement involved in calculating impairment, particularly regarding the estimation of the expected future cash collections, this was considered a key audit matter.</p>	<ul style="list-style-type: none"> • The audit procedures included the testing and evaluation of controls over the process, recording and ageing of outstanding student fees debtors, and monitoring of the debts by the Student Finance Department. • The adequacy of the provision for doubtful debts, including the appropriateness of the methodology used and assumptions made to calculate the provision was evaluated. • Testing was performed, on a sample basis, on whether the University's assumptions on the expected future cash flows and timing of the cash flows were supported. • The audit also assessed whether the financial statement disclosures made, appropriately reflect the University's credit risk and impairment provision on the student fees debtors.

Other Matter

1.0 Property, Plant and Equipment - Pineapple Plant Project

The property, plant and equipment balance of Kshs. 1,820,775,239 includes work-in-progress of Kshs.345,754,663 as at 30 June 2017. As previously reported, the amount

includes a sum of Kshs.1,075,100 paid to D.K Engineering Ltd for the supply and installation of pineapple juice extraction equipment. Although the firm supplied the equipment in June 2014, it had not been installed as at the time of the audit exercise in April 2018.

Further, the work-in-progress amount includes an instalment of Kshs.3,244,424 out of a contract sum of Kshs.3,959,520 paid to a firm, Gravity Contractor Ltd for the construction of a building into which the equipment would be installed. In addition, the work-in-progress includes Kshs.1,435,316 paid to a firm, ACAI Holding Limited for the construction of changing rooms which are part of the project. At the time of the audit exercise, the construction work by both Gravity Contractor Ltd and ACAI Holding Limited was complete but the equipment had not been installed. The management cited disputes with the contractors and lack of power supply as the reason for the delay in implementation of the project.

Consequently, and as previously reported, besides not realizing value for the money paid to the contractors, the cost of the project is likely to escalate.

2.0 Property, Plant and Equipment - Computers, Printers and Copiers

The property, plant and equipment balance of Kshs. 1,820,775,239 as analyzed under note 20 to the financial statements includes additions to computers, printers and copiers of Kshs.10,241,166. A review of the fixed asset register revealed that essential information regarding computer hardware additions totaling to Kshs.3,449,103 was not included in the register. The missing information included purchase costs, date of purchase, expected lifespan, rate and method for providing for depreciation and serial numbers of the assets. In the absence of this information, it was not possible to confirm the existence of the assets and the accuracy of the balance of Kshs.3,449,103 in respect of the additions to computers, printers and copiers.

3.0 Grounded Motor Vehicles

The property, plant and equipment balance of Kshs. 1,820,775,239 includes motor vehicles with net book value of Kshs.26,969,763 as at 30 June 2017. The amount of Kshs. 26,969,763 includes Kshs.3,204,080 which, according to a report dated 30 September 2016, is the valuation of 3 out of 4 Nos. vehicles as shown below:

Vehicle Registration No.	Original Value (Kshs)	Re-valuation Amount (Kshs)
KBL 449G	3,304,320	1,544,080
KXL 874	not known	260,000
KBB 516S	3,587,000	1,400,000
KAH 374	Not known	Not revalued
Total value	6,891,320	3,204,080

Physical verification of the vehicles on 5 April 2018 revealed that they were grounded and their condition was deteriorating. In the circumstance, the grounded vehicles will continue losing their economic value if they are not boarded for disposal

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to sustain services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

Nairobi

14 August 2018

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 68 (K) of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Cap, 446 require the Council to prepare financial statements in respect of University of Kabianga, 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 Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

The Council Members are 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 ended on June 30, 2017. 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 Members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement 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 Council Members are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2017, and of the University's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

The statement of financial performance as indicated on page 1 shows a deficit Ksh. 25,096,504 this was as a result of depreciation figure Ksh.67,009,452 which does not involve movement of funds. All the receipt of income generated activities are as indicated in the financial statements.

Nothing has come to the attention of the Council Members 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 Council on 19th September, 2017 and signed on its behalf by:



CHAIRMAN OF THE COUNCIL


VICE-CHANCELLOR

STATEMENT OF FINANCIAL PERFORMANCE
University of Kabianga
Statement of financial performance
 for the Year Ended June 30, 2017

	Note	2,017 Ksh	2016 Ksh
Revenue from non-exchange transactions			
Exchequer Grants	3	610,084,500	575,084,500
Revenue from exchange transactions			
Tuition fees	4	401,189,033	393,063,861
Rendering of Services	5	23,341,687	24,863,882
Finance Income- Interest on Deposits	6	2,322,606	1,123,344
Rental income from facilities and equipment	7	177,000	1,214,863
Other Income	8	117,720,001	111,203,985
Total Revenue		1,154,834,826	1,106,554,435
Expenses			
Administrative Expenses	9	1,129,286,663	1,072,913,756
Marketing Expenses	10	15,063,569	14,120,925
Finance Costs	11	35,581,097	39,514,558
Total Expenditure		1,179,931,330	1,126,549,239
Surplus/ (Deficit)		(25,096,504)	(19,984,804)

The Financial Statements set out on pages 1 to 8 were signed on behalf of the University Council by:



VICE-CHA NCELLOR



CHAIRMAN OF THE COUNCIL

Date..... 30/9/2017

Date..... 30/9/2017

STATEMENT OF FINANCIAL POSITION

University of Kabianga
Statement of Financial Position
As at June 30, 2017

	Note	2016-2017 Ksh	2015-2016 Ksh
Current Assets			
Cash & Cash equivalents	12	126,496,634	120,142,709
Receivables from exchange transactions	13	94,328,313	71,603,693
Short-term Investment		-	23,623,344
Inventories	14	4,621,850	6,286,521
Total Current Assets		225,446,797	221,656,267
Non-current Assets			
Property, Plant & Equipment	19	1,820,775,239	1,695,791,184
Biological Assets	15	44,586,311	43,319,688
Total Non-current Assets		1,865,361,550	1,739,110,872
Total Assets		2,090,808,347	1,960,767,139
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	134,463,310	162,199,836
Retention- WIP	17	13,411,433	21,370,222
Non-Current Liabilities			
Co-operative Bank Loan (20yrs)	18	238,750,000	253,750,000
Total Liabilities		386,624,743	437,320,059
Net assets			
Capital Reserves		1,253,649,176	1,040,649,176
Revaluation Reserve		399,689,024	406,855,996
Accumulated Surplus		50,845,404	75,941,908
Total Net Assets		1,704,183,604	1,523,447,080
Total net assets and liabilities		2,090,808,347	1,960,767,139

The notes set out from pages 9 to 28 form an integral part of the Financial Statements

STATEMENT OF CHANGES IN NET ASSETS
University of Kabianga
Statement of Changes in Net Assets

	Capital Fund	Revaluation Reserves	Accumulated Revenue Re- serves	Total
	Ksh	Ksh	Ksh	Ksh
Balance as at 01/07/2015	899,769,209	386,565,053	95,936,712	1,382,270,974
Surplus/Deficit for the year	-	-	(19,994,804)	(19,994,804)
Biological	-	1,686,418	-	1,686,418
Library books	-	18,604,525	-	18,604,525
Capital Grants	140,879,967	-	-	140,879,967
Balance as at 30/06/16	1,040,649,176	406,855,996	75,941,908	1,523,447,080
Surplus/Deficit for the year	-	-	(25,096,504)	(25,096,504)
Biological	-	1,266,623	-	1,266,623
Motor Vehicles	-	(13,929,920)	-	(13,929,920)
Computers, printers & Copiers	-	5,496,325	-	5,496,325
Capital Grants	213,000,000	-	-	213,000,000
Balance as at 30/06/16	1,253,649,176	399,689,024	50,845,404	1,698,687,279

University of Kabianga
Cash flow Statement
for the Year Ended June 30, 2017 and June 30, 2016

	Note	2016-2017 Ksh	2015-2016 Ksh
Cash Flow From Operating Activities:			
Receipts			
Tuition fees		401,189,033	393,063,861
Exchequer Grants		610,084,500	575,084,500
Rendering of Services		23,341,687	24,863,882
Finance Income- Interest on Deposits		2,322,606	1,123,344
Rental Income from Facilities and Equipment		177,000	1,214,863
Other Income		117,720,001	111,203,985
		1,154,834,826	1,106,554,435
Payments			
Administrative Expenses		1,061,991,007	997,979,615
Marketing Expenses		15,063,569	14,120,925
Loan repayment		15,000,000	15,000,000
Finance Costs		35,581,097	39,514,558
		1,127,635,673	1,066,615,098
Net Cash flows from Operating Activities		27,199,153	39,939,337
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment		(152,500,204)	(111,387,604)
Decrease/increase in investments		(81,345,024)	6,786,930
Net cash flows used in investing activities		(233,845,228)	(104,600,674)
Cash flows from financing activities			
Government Grants – Capital		213,000,000	140,879,967
Net Increase / (Decrease) In Cash & Cash Equivalents		6,353,925	76,218,630
Cash & Cash Equivalents at 1 July 2016		120,142,709	43,924,079
Cash & Cash Equivalents at 30 June 2017		126,496,634	120,142,709

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE

University of Kabianga

*Statement of Comparison of Budget and Actual performance
for the Year Ended June 30, 2017*

ITEM NO		Original Budget 2016/2017	Virement/ Adjustment 2016/2017	Final Budget 2016/2017	Actual 2016/2017	Variance
	INCOME					
001	Exchequer Grants	610,084,500		610,084,500	610,084,500	-
002	Exchequer Grants (Car Loan & Mortgage)	-		-	-	-
	Sub-Total	610,084,500	-	610,084,500	610,084,500	-
	Appropriation in Aid (A-in-A)					
003	Tuition Fees & Related Charges	555,621,103		555,621,103	512,299,892	(43,321,211)
401	Students Accommodation Fees	13,002,000		13,002,000	10,037,850	(2,964,150)
410	UKES Enterprise	5,059,204		5,059,204	8,363,812	3,304,608
411	Students Kitchen Income	10,202,162		10,202,162	4,940,025	(5,262,137)
413	Other Incomes	10,123,207		10,123,207	9,108,748	(1,014,459)
004	Surplus		25,462,476	25,462,476		25,462,476
	Sub-Total (A-in-A)	594,007,676	25,462,476	619,470,152	544,750,327	(23,794,873)
	Gross Income	1,204,092,176	25,462,476	1,229,554,652	1,154,834,827	(23,794,873)
	EXPENDITURE					
	Personnel Cost					
000	Personal Emoluments	796,934,669		796,934,669	782,316,412	14,618,257
	Operations & Maintenance Cost					
036	Medical Drugs	5,753,205	4,901,251	10,654,456	8,614,687	2,039,769
090	Medical Expenses	25,445,198	(1,500,000)	23,945,198	23,841,911	103,287
110	Travelling & Accommodation Expenses	21,376,075	4,571,288	25,947,363	26,226,570	(279,207)
112	External Travelling & Accommodation Exp.	4,005,781	(2,500,000)	1,505,781	815,154	690,627
115	External Examiners	2,045,525		2,045,525	1,474,600	570,925
120	Communication Expenses	900,844		900,844	178,165	722,679
121	Telephone Expenses	4,624,000	3,650,363	8,274,363	8,543,168	(268,805)
122	Internet Services	14,940,982	6,437,187	21,378,169	21,296,987	81,182
130	Official Entertainment	503,700		503,700	14,810	488,890

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131	Council, Board and Committee Expenses	15,603,895	2,714,513	18,318,408	18,752,235	(433,827)
137	Open & Cultural Day Expenses	840,800		840,800	1,522,145	(681,345)
138	Games and Sports Equipment	715,000		715,000	568,750	146,250
140	Electricity, Water & Conservancy	9,508,896	4,713,779	14,222,675	14,510,407	(287,732)
150	Teaching Materials	4,858,976	1,148,599	6,007,575	4,889,182	1,118,393
171	Publishing & Printing Expenses	3,028,400	2,150,829	5,179,229	3,889,422	1,289,807
172	Purchase of Uniforms & Clothing	1,859,200		1,859,200	698,142	1,161,058
173	Library Books	15,504,792	(6,000,000)	9,504,792	2,434,420	7,070,372
174	Stationery Expenses	7,864,680	2,847,999	10,712,679	10,988,570	(275,891)
175	Advertising & Publicity	12,385,548	(2,000,000)	10,385,548	9,582,667	802,881
176	Show Expenses and Exhibitions	2,457,000	(900,000)	1,557,000	1,591,480	(34,480)
179	Audit Fees	900,000	28,000	928,000	1,392,000	(464,000)
182	Payment of Rent & Rates	13,522,669	5,985,403	19,508,072	19,459,235	48,837
187	Insurance Expenses	11,492,098	(1,500,000)	9,992,098	7,233,519	2,758,579
190	Legal /Other Expenses	451,350		451,350	315,550	135,800
191	Cleaning Materials & Detergents	2,075,498		2,075,498	1,648,395	427,103
194	Recruitment/Training Expenses	693,535		693,535	188,376	505,159
197	University Research Programme	9,100,845	(2,000,000)	7,100,845	3,531,783	3,569,062
210	Purchase of Motor Vehicle	7,000,000		7,000,000	-	7,000,000
220	Purchase of Plant & Equipment	9,070,560	(5,000,000)	4,070,560	1,062,355	3,008,205
221	Inter-University Games	484,000		484,000	514,608	(30,608)
230	Purchase of Medical Equipment	1,276,600		1,276,600		1,276,600
250	Maintenance of Plant & Equipment	1,349,952		1,349,952	551,955	797,997
260	Maintenance of Building & Stations	1,953,481	1,912,270	3,865,751	2,853,793	1,011,958
261	Maintenance of Catering & Hostel facilities	1,275,301	2,382,890	3,658,191	3,005,306	652,885
270	Maint. of Water Supplies & Sewerage	2,256,805	(1,000,000)	1,256,805	758,803	498,002
280	Maintenance of grounds & parks	1,444,979		1,444,979	251,905	1,193,074
285	Minor Works on Water & Sewerage	1,288,000		1,288,000	-	1,288,000
290	Purchase of Computer, Software and Servers(ERP)	18,939,102	(4,000,000)	14,939,102	9,511,261	5,427,841
406	Students TP/Field Trips/Courses/Attachment	15,027,080	8,490,763	23,517,843	24,041,251	(523,408)
408	Students Activities	4,693,208	794,305	5,487,513	5,129,797	357,716
412	Lab Equipment & Chemicals	11,556,993	(4,500,000)	7,056,993	2,315,714	4,741,279
420	UoKSO Welfare	2,241,800		2,241,800	2,514,310	(272,510)
425	Academic Scholarship	1,500,000	(1,000,000)	500,000	-	500,000
426	Academic Programs Development	5,546,720	(500,000)	5,046,720	577,795	4,468,925

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430	Senate & Deans Committee meetings	1,008,300			1,008,300	9,700	998,600
435	Motor Vehicle Running Expenses	7,029,157	549,615		7,578,772	7,236,991	341,781
440	Library Journals	2,409,360			2,409,360	600,747	1,808,613
450	Strategic Plan Devt. & Implementation	1,005,900			1,005,900	417,000	588,900
460	Consultancy Services	3,987,200	1,273,059		5,260,259	6,188,049	(927,790)
465	Meetings & Workshops	1,200,320	2,810,248		4,010,568	3,172,638	837,930
470	Conferences & Seminars	1,963,116	967,024		2,930,140	2,462,415	467,725
475	Purchase of Furniture	7,330,914	(2,000,000)		5,330,914	2,916,182	2,414,732
485	Staff Development	1,875,000	1,000,000		2,875,000	2,956,975	(81,975)
490	UKES Enterprise Expenses	10,785,231	(1,190,863)		9,594,368	6,382,930	3,211,438
491	Students Kitchen Expenses	14,501,000	-		14,501,000	14,069,909	431,091
492	Work Study Programme	1,045,882			1,045,882	1,100,875	(54,993)
493	Graduation Expenses	6,818,904	5,098,659		11,917,563	9,012,374	2,905,189
494	Loan Repayment (Kapkatet Loan)	55,380,000	(3,500,000)		51,880,000	49,634,243	2,245,757
495	Marketing Expenses	1,998,150			1,998,150		1,998,150
497	Contract/Outsourced Services	2,530,000			2,530,000	2,174,000	356,000
496	ISO & ISO Related Expenses	2,200,000	(1,000,000)		1,200,000	610,048	589,952
499	Performance Contract Expenses	676,000	625,295		1,301,295	1,012,621	288,674
500	KUCCPS & CUE Accreditation Charges	4,050,000	500,000		4,550,000	4,815,000	(265,000)
501	Provision for Car Loan & Mortgage Scheme	-			-	-	-
	Sub-total	407,157,507	25,462,476		432,619,983	362,063,880	70,556,103
	Gross Expenditure	1,204,092,176	25,462,476		1,229,554,652	1,144,380,292	85,174,360
	Budget Surplus / (deficit)	-	-		-	10,454,535	61,379,487

EXPLANATION OF MATERIAL VARIANCES

i. Tuition Fees & Related Charges-Ksh 43,321,211

The variance of **Ksh 43,321,211** arose because of the lecturer's strike which affected the semester dates for both continuing and new students. School based students did not report for their April/ May semester hence the University did not realize its expected revenue collection target.

ii. Purchase of Computer Software,servers & ERP -Ksh5,427,841

There was increased internet bandwidth connectivity in the University as a result of increased student numbers, which increased the subscriptions charges considerably. This was coupled with the connection of all offices and computer laboratories with internet following the completion of the first phase of the ICT backbone infrastructure.

NOTES TO THE FINANCIAL STATEMENTS

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

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

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest whole number. 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 Exchequer

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

ii) Revenue from exchange transactions– IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

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

c) Taxes

Current income tax

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

d) 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.

e) 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.

Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets are subjected to a full year's depreciation except those acquired within the last three months of the year. The annual rates are:

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Library books	10%
Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

h) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments– IPSAS 29

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

Financial Assets

Receivables

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

Impairment of financial assets

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an

improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Financial liabilities

Trade payables

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

i) Inventories – IPSAS 12

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

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

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

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

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

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

j) Provisions – IPSAS 19

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

made of the amount of the obligation. A provision of 1% of the total receivables has been provided to take care of receivables which may not be recovered in full.

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The university creates and maintains reserves in terms of specific requirements as follows: (i) capital reserve - used to record contribution made by government in form of grants / transfers (ii) revaluation reserve - used to indicate the revalued amount on the plant property and equipment.

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits

The Entity provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee

service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

n) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) 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.

p) Related parties – IPSAS 20

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

) 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.

s) Comparative figures

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

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

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

u) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

Note 3: Exchequer Grants- Recurrent Unconditional grants	2017 Ksh	2016 Ksh
Ministry of Higher Educ. S&T		
July	50,840,375	45,423,708
August	50,840,375	45,423,708
September	50,840,375	45,423,708
October	50,840,375	45,423,708
November	50,840,375	45,423,708
December	50,840,375	45,423,708
January	50,840,375	45,423,708
February	50,840,375	45,423,708
March	50,840,375	45,423,708
April	50,840,375	45,423,708
May	50,840,375	60,423,709
June	50,840,375	60,423,708
	610,084,500	575,084,500

Note 4 : Tuition and Related Income	2017 Ksh	2016 Ksh
Revenue from Tuition Fees	401,189,033	393,063,861
	401,189,033	393,063,861

Note 5: Rendering of Services	2017 Ksh	2016 Ksh
Accommodation Services	10,037,850	9,519,490
Farm income	5,128,415	5,163,302
Catering Services	4,940,025	5,769,885
Guest House income	3,235,397	4,411,205
	23,341,687	24,863,882

Note 6: Finance Income	2017 Ksh	2016 Ksh
Interest on Fixed Deposits	2,322,606	1,123,344
	2,322,606	1,123,344

Note 7 Rental Income From Facilities	2017 Ksh	2016 Ksh
Income from Facilities	177,000	1,214,863
	177,000	1,214,863

Note 8: Other Incomes	2017 Ksh	2016 Ksh
Registration fees	314,950	295,900

Students' ID charges	972,150	1,007,400
Examination fees	9,842,450	9,841,400
Insurance fees	1,438,000	1,330,000
Graduation Fees	6,938,601	3,006,250
Activity fees	8,109,300	8,125,500
Computer fees	7,842,000	8,203,300
Field trips/Teaching Practice	30,150,750	31,742,831
Internet fees	7,485,500	1,695,000
MBA Thesis	1,625,800	183,330
Book Shop Sales	109,616	1,773,400
Supervision	2,183,200	12,147,900
Medical fees	12,047,900	8,124,000
Amenity fees	8,074,200	1,501,400
Cobes	1,331,000	633,645
Research Fees	549,292	153,000
Log Books	168,000	963,200
Transport Fees	1,010,000	2,000
UoKSO	2,735,300	2,647,000
Sale of tender documents	43,800	45,700
Photocopying receipts	4,591	-
Application fees	1,417,890	1,430,795
Fines and penalties	133,356	122,311
Seedlings	38,925	70,725
Hospitality Restaurant Unit	215,390	8,900
Misc. Income	4,706,690	7,969,691
Damages	11,500	-
Learning chinese Language	37,000	10,990
Library Fees	8,182,850	8,168,417
	117,720,001	111,203,985

Note 9 : Administrative Expenses

	2017	2016
	Ksh	Ksh
Personnel Costs	777,093,032	705,291,514
Council Expenses	18,752,235	17,085,477
Recruitment/Training Expenses	188,376	212,310
Senate Committee meetings	9,700	1,080,030
Bsc Nursing Training Files and Indexing Exp.	-	450,000
Cleaning materials	1,648,395	977,395
Conferences and seminars	2,462,415	2,781,415
Electricity, water and conservancy	14,510,407	17,967,772
External examiners expenses	1,474,600	4,606,871
External Travelling Expenses	815,154	2,232,642
Graduation Expenses	9,012,374	5,849,707
Strategic Plan Implementation	417,000	887,500
ISO related Expenses	610,048	661,856
Morgue Expenses	183,280	214,233

Insurance Expenses	7,233,519	7,705,034
Internet connectivity expenses	21,296,987	11,205,400
Legal & Other Expenses	315,550	-
Library Journals	600,747	3,245,225
Maint of Buildings	2,853,793	4,246,509
Maintenance of Catering and Hostels	3,005,306	2,173,625
Maintenance of plant and equipment	551,955	4,100,468
Maintenance of Play Grounds	251,905	580,237
Maintenance of Water supply & Sewerage	758,803	1,354,715
Medical Drugs	8,614,687	5,080,960
Meetings & Workshops	3,172,638	4,732,038
Minor works on water & sewerage	-	1,626,962
Office Expenses	3,805,652	4,138,221
Official entertainment	14,810	92,000
Open & Cultural Day Expenses	1,522,145	1,049,185
Passage and baggage	-	290,567
Payment of Rent & Rates	19,459,235	13,421,753
Purchase of uniforms	698,142	763,230
Teaching materials	4,889,182	4,400,474
Telephones	4,737,516	5,259,998
Travelling and accommodation	26,226,570	23,354,289
University medical scheme	23,841,911	20,129,587
University Research Programme	3,531,783	3,296,771
Valuation/Consultancy	6,188,049	2,844,203
Vehicle running expenses	7,236,991	7,079,878
Works Study programme	1,100,875	1,001,675
Provision for bad & doubtful debts	1,199,695	518,105
Depreciation	67,009,452	74,416,036
Farm Expenses	2,265,328	3,007,461
Games and sports expenses	568,750	740,235
Guest house expenses	4,117,602	2,796,113
Kitchen Expenses	14,069,909	26,264,051
UoKSO Welfare	2,514,310	1,782,490
Lab Chemicals	2,315,714	4,287,539
Postal and telegram	178,165	447,378
Student Activities	5,129,797	5,393,660
Student Field Trips/Courses Expenses	14,090,661	19,469,033
Academic Programmes Development	577,795	1,717,725
Students Penalty Expense	-	254,177
Marketing Expenses	-	798,790
Inter-University Games	514,608	442,280
KUCCPS and CUE Accreditation	4,815,000	1,590,000
Contract/Outsourced Services	2,174,000	2,986,500
Teaching Practice & Attachment	9,950,590	17,722,073
Performance contract Expenses	1,012,621	1,128,000
Stationery	10,988,570	9,290,884

HIV/ AIDS Awareness expenses	216,000	-
UoK SRBS Pension scheme expense	2,143,353	-
Audit fee	1,392,000	696,000
Staff Development	2,956,975	3,693,500
	1,129,286,663	1,072,913,756

	2017	2016
	Ksh	Ksh
Note 10: Marketing Expenses		
Publishing and Printing	3,889,422	294,600
Advertising & Publicity	9,582,667	11,188,435
Show expenses & Outreach Expenses	1,591,480	2,637,890
	15,063,569	14,120,925

	2017	2016
	Ksh	Ksh
Note 11 Finance Costs		
Interest on Loan	34,634,243	38,436,070
Bank Charges	946,855	1,078,488
	35,581,097	39,514,558

Note 12: Cash and Cash Equivalents

Name of the Bank	2017	2016
	Ksh.	Ksh.
Kenya Commercial Bank (Pssp)-1120671418	1,773,572	9,249,358
Kenya Commercial Bank(Gssp)-1120671299	8,158,595	7,131,820
Kenya Commercial Bank (Accom.)-1120671450	457,893	493,258
Co-operative Bank of Kenya(Pssp)-01129335586400	1,290,339	1,613,660
Co-operative Bank of Kenya(Gssp)-01129335586401	2,757,217	883,333
Co-operative Bank of Kenya Operations A/C-01129046214700	(20,733,750)	77,812,740
Co-operative Bank of Kenya Capital Dev. A/C-01120335586400	12,589,381	11,664,867
Stanchart (Gssp)-0102832991700	709,550	2,464,450
Stanchart (Pssp)-0102832991701	6,230,026	6,475,250
Stanchart Research Account-0102832991702	2,683,302	2,353,973
Equity Bank (Gssp)-0530271957342	-	-
Equity Bank (Pssp)-0530271957475	-	-
Fixed deposit	104,968,368	-
Kenya Commercial Bank (Capital Funds Retention.)-1207008966	5,612,141	-
	126,496,634	120,142,709

Note 13 : Receivables from Exchange Transactions

	Ksh	Ksh
Student fees debtors	99,292,961	75,299,068
Provision for doubtful Debts	(4,964,648)	(3,764,953)
Guest House Debtors	-	-
Farm Debtors	-	69,578

Receivables from Non-exchange transaction

Receivable Capitation Grants (GoK)

94,328,313	71,603,693
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Note 14: Inventories

Inventories

Ksh	Ksh
4,621,850	6,286,521
4,621,850	6,286,521

Note 15: Biological Assets

Tea

Livestock

Cypress Trees

Pine Trees

Eucalyptus Trees

Gravillea Trees

Macadernia Nut Trees

Bananas

Ksh	Ksh
3,632,811	3,910,088
3,128,300	3,477,200
5,311,600	3,730,350
420,000	397,500
26,913,600	27,000,000
5,040,000	4,680,000
49,000	46,550
91,000	78,000
44,586,311	43,319,688

Note 16: Payables from Exchange Transactions

Recurrent Creditors

Capital Creditors

Students' Holding Accounts

Provision for audit fees

Provision for Valuation

Provision for Part time lecturers

KUCCPS fees

Room Deposit

Student field trips and attachment

Research funds from donors

Prepaid fees

Ksh	Ksh
28,039,406	39,939,553
-	16,721,483
1,153,278	4,339,500
1,392,000	696,000
2,500,000	1,500,000
33,528,005	56,965,653
5,783,050	2,047,500
2,048,150	1,190,150
6,109,499	-
8,063,836	-
45,846,087	38,799,997
134,463,310	162,199,836

Note 17: Retention

Retention- WIP

Lecture Phase III

Lecture Phase II

Hostel Phase II

Dining Hall

Council Chambers

Sewerage Treatment plant

Pineapple juice extraction plant

Ksh	Ksh
550,933	550,933
3,154,791	2,305,846
661,401	7,152,892
-	647,094
-	386,705
-	5,653,481
246,529	390,813

Health Unit 1	908,213	-
Library	3,302,990	-
Lecture Theatre Phase IV	3,979,436	-
Fibre Optic Infrastructure	-	4,282,458
Main Gate	607,139	-
	13,411,433	21,370,222

Note 18: Long term Loan

Co-operative Bank Loan (20yrs)

	Ksh	Ksh
	238,750,000	253,750,000
	238,750,000	253,750,000

Note 20: PPE Schedule

Capital projects remain as work in progress until they are certified complete then they are recognised as assets.

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Library books	Total
Depreciation Rate		2.00%		12.50%	33.33%	12.50%	25%	10%	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs	KShs.
As at 1st July, 2015	110,000,000	970,198,589	537,265,300	33,895,459	34,567,809	32,091,177	43,597,583	13,445,652	1,798,682,388
Additions	-	-	76,323,107	6,224,475	9,801,385	5,612,595	6,200,000	7,226,043	111,387,604
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer to Buildings	-	405,323,219	(405,323,219)	-	-	-	-	-	-
As at 1st July, 2016	110,000,000	1,375,521,808	208,265,187	40,119,934	44,369,194	37,703,772	49,797,583	20,671,695	1,886,449,173
Additions	-	-	137,489,476	-	10,241,166	2,335,142	-	2,434,420	152,500,204
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	(13,929,920)	-	(13,929,920)
Transfer to Buildings	-	-	-	-	-	-	-	-	-
As at 30 June, 2017	110,000,000	1,375,521,808	345,754,663	40,119,934	54,610,360	40,038,914	35,867,663	23,106,115	2,025,019,457
DEPRECIATION									
At 1 July, 2015	-	(49,280,167)	-	(12,475,151)	(11,525,902)	(9,859,725)	(35,477,502)	-	(118,618,447)
Depreciation	-	(27,510,436)	-	(5,014,992)	(14,788,252)	(4,712,972)	(12,449,396)	(2,067,169)	(66,543,217)
At 30 June, 2016	-	(76,790,603)	-	(17,490,143)	(26,314,154)	(14,572,697)	(47,926,898)	(2,067,169)	(185,161,664)
Depreciation	-	(27,510,436)	-	(5,014,992)	(18,201,633)	(5,004,864)	(8,966,916)	(2,310,611)	(67,009,452)
At 30 June, 2016	-	(104,301,039)	-	(22,505,135)	(44,515,787)	(19,577,561)	(56,893,814)	(4,377,781)	(252,171,116)
NET BOOK VALUE									
As at 30 June, 2017	110,000,000	1,271,220,769	345,754,663	17,614,800	10,094,573	20,461,353	26,900,747	18,728,334	1,820,775,239
As at 30 June, 2016	110,000,000	1,298,731,205	208,265,187	22,629,791	12,558,715	23,131,076	1,870,685	18,604,525	1,695,791,184

21. Related Party Disclosures

The following transactions were carried out with related parties

	2017	2016
Key management compensation		
(i) Salaries.		
a) Honoraria to Chairman of Council	1,020,000	1,020,000
b) Honoraria to Chancellor	1,200,000	1,200,000
(ii) Council remuneration		
Allowances paid to Council members	18,752,235	17,085,477
(iii) Grants from related parties		
Grant from GOK	610,084,500	575,084,500

22. Risk management policies

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

The University has exposure to the following risks:

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

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

The University's risk management policies will be established to identify and analyze the risks faced by the University, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University's activities.

Market risk management

Interest rate risk

The University has interest bearing borrowings and is financed by cash generated from its operations. The University will always strive to increase its market share to match the interest of the day.

Liquidity risk

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

Credit risk

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

Classification of credit risk bearing assets

The table below represents University's maximum exposure to credit risk as at 30 June 2017 and 2016.

ASSETS	2017	2016
Current Assets		
Cash and Cash Equivalents	126,496,634	143,766,053
Receivables from Exchange Transactions	94,328,313	71,603,693
	<u>220,824,947</u>	<u>215,369,746</u>

All the University's receivables are fully performing and are expected to be received. Bank balance includes cash in hand and deposits held with banks.

23. Provisions

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The University received its 2015/2016 audited Financial Statements with an unqualified opinion.s